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ORGANIZATIONAL DIMENSIONS OF ENHANCING CAPACITY FOR STRATEGICALLY MANAGING POLICY REFORM

draft -- for comments only

by:

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Introduction:

The prevailing international conditions and the social economic crisis affecting the developing world and the need to institute reforms capable of responding to these conditions have created considerable concern for the strengthening of economic analytic capacity for policy management at the highest level of government responsible for strategic decision-making (World Bank, 1990a; Gulhati, 1990). This concern appears to be twofold: first there is concern that policies recommended or required by assistance will not be well understood, and therefore will encounter serious management and implementation problems (Grindle and Thomas, 1990); and second, that without solid capacity for policy analysis, necessary operational mechanisms and regulations will not be well developed much less implemented (Lamb, 1987).

The formulation and implementation of macro-policy reform presents challenging organizational problems. Reform policies tend to cut across agencies and functional lines of decision-making. Decisions frequently are made outside the traditional policy process and may involve new stakeholders; task forces may be mounted to dialogue with donors and make fundamental decisions about policy determination. Policies seemingly aimed at the problems of one sector more often than not have cross-cutting repercussions. With multiple agency impact, it can be difficult to pinpoint the appropriate locus for managing the policy formulation and implementation process -- a single ministry rarely has sufficient authority. Indeed, on occasion, the process gives the impression that no one is in charge (Bryson, 1992). Moreover, since major policy reform is closely linked to either changes in government or the predominant public philosophy, traditional decision- or policy-making mechanisms may lag behind or be inappropriate to the policy change task. As a consequence, some governments have opted for the creation of new arenas of decision-making on important policy reform issues. These new mechanisms are frequently ad-hoc, created as political and policy needs arise. They may be temporary in nature or have distinctive task-force qualities; and they are often composed of several (three or more) Ministers or officials with significant discretional authority, to manage and coordinate the reform process. In Zambia, the Cabinet office has taken on that function; in Bolivia, the Macro-economic group composed of the Minister of Planning, Minister of Finance, and the Central Bank President directs the economic reform process; in Honduras, the Economic Cabinet, composed of four key Ministries and the head of the Central Bank, serves as point for reforms in the economic area; and in Peru the Executive Secretary of the Presidency serves as the coordinating mechanism for economic reform. The head of such groups, reflecting the nature of the task, may be referred to as the "Coordinator" for economic policy or, as in Bolivia, a "super-Minister". The unifying thread among these is their authority to develop and manage policies that cross agency lines. A problem common to these groups is the need for quality information and analysis for decision-making on policy formulation and implementation options that, like the policies they deal with, can cut across agency lines.

Unfortunately, all too often, staff already on board in the group's respective agencies is incapable of such cross-cutting analysis, or has yet to adapt to the changing nature of economic policy thought.

In several countries this concern has produced a new and innovative set of **policy analysis and implementation and/or management units** to support top economic policy decision makers and strengthen their capacity for developing appropriate responses and strategies to pressures for economic reform (Lamb, 1987; Lamb and Weaving, 1992). Unlike sector analytic units, or those created during the sixties to support Planning Ministries, which all too often were buried in the bureaucratic structure, these new units frequently become prominent and highly visible actors, not only as key advisors on critical policy issues but also as participants in setting the policy reform agenda. And, like the policies they develop, these units tend to cross functional boundaries and become much more "government-wide". As a consequence, rather than being attached to specific or single Ministries, these new analytical units are often dependencies of cross-cutting government agencies such as Cabinet Offices or top economic policy-making mechanisms such as "economic cabinets" or "macro-economic groups". In certain cases, such units have become prominent actors in the policy development process in their own right and important participants in the policy dialogue process between government and donor agency officials. Policy Units are mechanisms for formalizing strategic thinking and problem solving in an organized way around important economic or other reform issues... they are arenas that policy makers acknowledge and recognize but with the difference that they add a strategic dimension oriented toward action -- the implementation dimension.

It is clear that the purpose of these new units is to provide the intellectual and analytical capability to examine questions of why and which policies should be carried out, how and when the selected policies should be executed, and once in place monitor the performance of the chosen measures. However, how they will achieve success, ie., make themselves heard or achieve influence within the actual policy making decision and implementation process, is less clear (Callaghy, 1990; Paul, 1990). Drawing on findings from the USAID-funded Implementing Policy Change Project, this paper will look at several cases, each representing a slightly different approach to the development and strengthening of analytic and policy management capacity at the strategic apex of government. These include Honduras' Economic Policy Analysis and Implementation Unit (UDAPEH), Zambia's Policy Analysis and Coordination Unit (PAC), Jamaica's Fiscal Policy Management Unit (FPMU), Bolivia's Economic Policy Analysis Unit (UDAPE), Gambia's Statistical and Special Studies Unit (SSSU), and Peru's Policy Analysis and Implementation Project (PAPI). The ability of these units to influence the policy formulation and implementation process ranges from quite successful to apparent failure. Through these examples, the paper will assess some of the elements that appear to have contributed to the successful development and insertion of these units

into the policy management process. Particular attention will be given to UDAPE, a unit that has achieved considerable influence in the formulation and implementation of economic policy in Bolivia (Cooley, 1991), in order to extract lessons and elements for a tentative framework that may be used to examine the - potential for success or failure of the other units.

The problem of influence: Policy analysis units are not new. Myriad examples of specialized bodies or units created to carry out studies dealing with the technical complexities of economic, agricultural, or other sectoral policy can be found in the developing world. Specialized units can be found in economic policy-making agencies such as Finance, the Central Bank, or Planning, as well as in functional or sectoral ministries such as Agriculture or Commerce (World Bank, 1989). Though ostensibly placed to play an influential role, in fact, these units often are unresponsive and all too frequently have little or no influence in the policy decision-making and implementation process -- to the point that in many cases the unit (and even the notion of the analytical unit) has become discredited (Coutu, 1991).

The mere existence of a policy analysis unit does not insure that it will be useful or be able to influence the policy making and implementation process (Paul, 1990). In many cases, the policy making and implementation circle is reduced and composed of those who prefer to make decisions based on intuition, ideology, or plain horse-trading (Gulhati, 1990) rather than on the basis of sophisticated economic cost/benefit criteria. Just because a donor considers policy units important and/or necessary does not mean the host country official will be of the same opinion (Haggard, 1990). A policy analysis unit might well be influential in one government but ignored in another; indeed, the same unit might be considered a key component to policy decisions under one minister but completely marginal under the next; the minister of agriculture may argue that a policy analysis unit is indispensable but his colleague in finance may feel the opposite.

There are any number of factors that might account for a unit's ability to be influential or not. Boeninger (1992) has summarized some that he argues account for a policy unit's ability to successfully influence policy as follows: attention to objectivity while recognizing that pure objectivity is impossible, responsiveness to the needs of politicians (they are, after all, the ones that make the decisions), recognition of the need to lobby decision makers -- that sound policy alternatives are not automatically accepted, accurate assessment of the decision-maker's choice parameters, linkage with the dominant policy-making institution or individual, enhanced status via sustained demand, and the ability to translate technical language to the politicall agenda. In addition, there are several other factors that might contribute in one degree or another to a unit's ability to sway the policy process: First, is the unit equipped to deal with the

technical implications of cross-cutting policy? Policy analysis units attached to single ministries can, over time, develop a focus that narrows in on the interests of that ministry, often to the exclusion of others. It may not easily recognize the consequences of policy actions of one Ministry on another. A policy unit in the Ministry of Finance and a similar one in the Ministry of Economy and Commerce may have rather contradictory views about the relative benefits of decreasing import tariffs. When such units are buried in the Ministry's bureaucratic structure, the negotiation or reconciliation of those differing points of view will be left to the top (usually political) officials of the Ministry. Second, is the unit placed "strategically"? To become more than simply a generator of "studies", the unit must have direct access to critical decision-makers. Reliance on intermediaries may result in poor communication of analytical findings and/or recommendations. To be influential, the unit should sit at the right hand of the decision-maker. Third, is there a direct linkage to the decision-maker? If not, the unit may become slow and unresponsive. Without such linkage, it may be difficult to assess the importance or urgency of a particular issue, or it may be difficult to judge the sort of analytical techniques or level of analysis desired by the decision-maker. If policy analysis does not fit the needs of the decision-maker, it will likely be ignored. Fourth, is the unit "owned" by those who use it? Occasionally, such units are created more for the benefit of the donor agenda than for any particular need felt by the host-country government. If the government does not sense any real need for the unit or what it produces, if there is no demand for its services it will ultimately fail (Goldsmith, 1993; Brinkerhoff and Goldsmith, 1990). Units may succeed to the extent that "conditionality" will allow it, but otherwise, they will tend to disappear as donor funding dries up. Finally, does the unit have "political sense"? Generally, policy units are staffed and led by technocrats, who do not always have a keen sense of what is politically feasible. They frequently operate under a different decisional framework than the decision-maker/politician who, rather than worrying about the optimization of resources, is more concerned with maintaining a balance of political interests.

A Success Story, Bolivia's UDAPE:

Bolivia's Economic Policy Analysis Unit (UDAPE) was established within the Ministry of Planning as a "decentralized entity, with its own budget, and with technical and administrative autonomy" to carry out "analyses and formulate policy alternatives (designed) to increase stability and economic growth...for the

country's principal officials charged with economic policy decision-making".[1] The Unit was created in 1983 in the midst of a severe and worsening economic crisis with the financial and technical assistance of the United States Agency for International Development Mission in La Paz. The fundamental reason for the Unit's creation was a growing concern on the part of USAID and other donors that the government was either unable or had lost the capacity to carry out sound economic policy analysis.

In the early eighties, Bolivia's economy was characterized by pervasive government intervention. State enterprises predominated economic activity and strong controls were exercised over most areas of the economy. Since Bolivian institutions responsible for training economists tended to support the interventionist framework, it was argued that many of Bolivia's poor economic strategy choices were owed to both the framework's failure and an incapacity to understand alternative frameworks. UDAPE, staffed by young, well-trained, market-oriented economists, was intended to fill that analytical gap.

Although UDAPE is an official body, the driving force behind its creation and sustenance since 1983 has been the commitment of the USAID Mission -- the government was either unable to provide the financial resources required or perhaps too preoccupied or overwhelmed with other problems. The operating costs for the Unit were financed with counterpart funds from the PL480 Title III agreement and a three year, US$1.2 million grant was provided for equipment and technical assistance. In 1986, the grant was extended through 1991 with an additional $3.8 million, and was renewed once again in 1992. In addition to financial and technical assistance for the fledgling organization, USAID helped provide an environment of stability and neutrality. USAID played a key role in the recruitment of personnel to UDAPE, assuring a non-politicized staff through the occasional exercise of a veto, much in contrast to the unionized and politicized conditions of the Siles government. USAID's support also provided for more competitive and stable salaries, a distinct advantage in the midst of hyper-inflation.

Although UDAPE's early years were not particularly effective, they were not dormant -- it was during this period that it began to acquire its early access to key policy-makers and to position itself for an influential role in the Paz Estenssoro government. Although the Siles government periodically requested studies and economic analyses from UDAPE, the Government was rarely in a position to take much advantage of the Unit's services. Instead UDAPE focussed on strengthening and deepening its technical capability. At the same time it spent much of its energy in the development of an extensive and reliable data base upon which future economic analysis could be built since, during the Siles period, the government's data collection abilities had become eroded.

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[1]Government of Honduras, Decree No. 19758, 1993.

With the election of Victor Paz Estenssoro to the Presidency, UDAPE's fortunes changed dramatically. Paz Estenssoro named Gonzalo Sanchez de Lozada the Minister of Planning and Economic Policy; but more importantly for UDAPE's future, the "neo-liberal" Sanchez was given the title of "Super Minister" and placed in charge of Bolivia's economic policy-making. With a mandate for implementation of radical economic policy change, Sanchez had a voracious appetite for economic analysis and the data supporting that analysis. At that point, UDAPE was the only organization in Bolivia with both the technical competence and access to reliable data for carrying out solid economic policy analysis. And, it was the only organization with the capacity for market-oriented analysis -- precisely the framework that was being adopted for Bolivia's economic recovery.

Sanchez began to rely increasingly on UDAPE for information, analysis, and advice on economic policy. Situated in Sanchez' Ministry of Planning, UDAPE's connection was direct and access simple. UDAPE's stature began to grow and the demand for its services increased dramatically. Through access to or placement on key committees such as the "Macro-Group" (created to monitor short-term economic measures) the National Economic Planning Council (CONEPLAN), or other entities engaged in economic policy-making or implementation, the Unit's influence expanded rapidly. At the same time, UDAPE's external reputation grew, especially among donor agencies; it soon acquired a reputation as the <u>only</u> reliable source in the government for data and analysis on the state of the Bolivian economy. Indeed, UDAPE became a regular stop-off for visiting teams from the World Bank, the IDB, and the IMF.

UDAPE's Role and Function: According to its charter UDAPE is limited to carrying out economic studies under the instruction of the government, but within the framework of "economic studies" there is no limitation or prescription regarding the types of studies to be carried out, nor is it specifically precluded from other activities. Though narrow, the charter accords importance to UDAPE by giving the Executive Director and Division Chiefs status equivalent to the second and third highest Ministerial ranks, respectively. Through a broad interpretation of its charter, UDAPE also has become an "economic information clearing house" and the prime source for reliable economic information for government agencies and international donors, for technical assistance to other agencies requiring improved policy analysis capacity, and as a "firefighter" for government officials requiring solid data and economic analysis to bolster their policy positions or decisions by supplying aide memoires or even writing speeches. UDAPE has carved an important role in the policy implementation process as principal advisor to the "Macro Committee" charged with monitoring the government's short-term economic stabilization measures and the Council for Economic Planning, both headed by the Minister of Planning. UDAPE's advice has also become increasingly valuable to individual Ministers and institutions including the Internal Revenue Service, the Foreign Ministry in

negotiations with the Andean Pact countries, and the Ministry of Energy in examining the impact of a gas pipeline to Brazil. UDAPE played a key role in the government's presentation to the Paris consultative group on Bolivia's alternative development scheme. Finally, broadening its reach, UDAPE, at the request of the Planning Minister, played the principal role in creating the government's social policy framework. UDAPE's success was a key factor in the creation of the Social Policy Analysis Unit.

Although many of the roles just described are not within UDAPE's Charter, they speak of a wider credibility and a capacity to influence the direction of Bolivian economic policy, qualities rarely encountered in policy analysis units. What, then, are some of the factors that contributed to the success of UDAPE? How did UDAPE manage to succeed in creating a significant role for itself as well as continue to develop and amplify that role? To answer these questions let us turn first to an examination of the policy and bureaucratic environment in which UDAPE developed and then take a more specific look at some of the factors which appear to have contributed to UDAPE's success.

Elements of UDAPE's Success:

Six factors emerge as having substantially influenced UDAPE's success to this point. These include: the support of a strong patron-sponsor-client, the quality and technical competence of Unit personnel, the absence of competition from similar organizations, the location of UDAPE in the political-bureaucratic structure, the role of USAID as benefactor, client, and protector, and the maintenance of a solid fit with Bolivia's political-economic environment.

The Importance of a Strong Patron/client: An organization may produce excellent work, but if no one cares, it will not prosper. During its first two years, UDAPE had no real client. The Minister of Planning, under whose jurisdiction UDAPE fell, was unable or unwilling to utilize the Unit's services. Even if the Planning Minister had decided to fully utilize UDAPE, the fundamental weakness of the Ministry would have prevented the Unit's analysis from having any significant impact. However, when the new government came in, the new Minister of Planning was also made "super-Minister" and responsible for the coordination of economic policy; it was then that UDAPE's cross-cutting, economic analytic capabilities came into demand. With a direct link to the Minister of Planning, demand for the Unit's services expanded rapidly and UDAPE's importance, role, and influence as a player in contributing to economic policy-making increased dramatically.

UDAPE maintained its role and influence with succeeding Ministers of Planning. None were as powerful

as Sanchez and therefore did not offer the same level of influence, but each maintained the prominence of UDAPE as demonstrated by UDAPE's presence as the key advisor to the "Macro Group", and as principal advisor to CONEPLAN.

Personnel: Since the outset, UDAPE has been fortunate to have highly qualified professionals on staff. When established, UDAPE was given authority to recruit from other government agencies, and it tried to recruit the "creme" out of these agencies, a strategy facilitated by rapid deterioration in other parts of the public sector -- professionals were generally more than happy to get away from the frequently politicized and conflictive environments of their own agencies.

Personnel in UDAPE are highly trained; its professional staff are nearly exclusively individuals trained at the Masters level in economics -- a level of training rarely found in Bolivia's government agencies. Through its technical assistance agreement with USAID, UDAPE has had extensive and continued access to both short- and long-term training. At the same time, the technical assistance agreement has provided a continual stream of world class economists to work directly with UDAPE staff on technical studies. The advantage of this assistance is that it also provides mentoring at a level rarely encountered in developing-country agencies.

UDAPE staff is paid at levels higher than those of normal civil service, although not at the same level as professionals working for international donor organizations or the private sector. While UDAPE staffers are often recruited by the private sector, or pirated away by other government agencies trying to improve their own staff capability, its pay scales are sufficiently high to continue to attract young, talented economists. As other agencies become increasingly competitive in compensating personnel at the same or higher levels, pay will become a more central and difficult issue, especially among mid- and senior-level staff, and will likely reduce UDAPE's ability to compete for and retain talented individuals.

Location/Status: In much of Latin America, placement in the Ministry of Planning would have meant instant obscurity. However, under Paz Estenssoro and his successor, the Planning Minister is the chief of economic policy coordination. With the backing of the President, a succession of Ministers of Planning have managed to elevate the formerly weak agency to a position of prominence and in the process elevate UDAPE. Placement in the Ministry of Planning was fortuitous and has given UDAPE considerable access. The Minister of Planning is head of the Macro-Group charged with the implementation and monitoring of Bolivia's stabilization and adjustment program, and CONEPLAN, responsible for setting overall economic policy -- UDAPE is primary advisor to both groups.

The Ministry of Planning is UDAPE's most important client, and the Minister is the largest single consumer of UDAPE output. However, UDAPE services are continually sought out and highly valued by a wide variety of other agencies for short-term issues as well as those requiring more lengthy study and analysis. Unit staffers have also acted as direct advisors to key Ministers on negotiations with the IMF and the World Bank. The fact that the Unit's services are valued and in demand imparts an enhanced status to UDAPE -- and it is this status which allows the Unit to play a significant role in decision making.

Regardless of its solid relationship to the Ministry of Planning, UDAPE is still vulnerable to many of the problems that characterize the central government -- including such problems as budget, salary limitations, politicization, and the often capricious nature of ministerial and executive level appointments. UDAPE nevertheless has been fortunate in that it has either not been affected or has been able to overcome such limitations; instead, it has taken ready advantage of its location as a vehicle for influence.

Competition: UDAPE was created and has evolved in a vacuum of cross-cutting macroeconomic analytic capacity. During its early years, UDAPE was the only game in town. Lack of competition provided UDAPE with an open environment for recruitment and a virtual monopoly on economic analysis. For donor agencies interested in reliable economic data and analysis, there was no alternative to UDAPE. UDAPE's main potential competitor, the Central Bank, suffered nearly complete decimation of its analytic personnel in 1985 when the Bank was reorganized and nearly 500 employees were fired. Analytical units in other agencies such as the Ministry of Finance and the Bureau of Statistics were in similar conditions. By the time the Central Bank and other organizations began to seriously recover capacity in the early 1990's, UDAPE was well entrenched.

As institutions such as the Central Bank, the Ministry of Finance, and the Bureau of statistics recovered, UDAPE was no longer "the only game in town" and began to face some formidible competition. Talented and key employees have been lured away by higher salaries and improved career stability, security, and positions of greater status offered by other organizations. While other institutions may be able to offer better compensation they are yet unable to match the access and credibility of UDAPE nor its capacity for high quality cross-cutting macroeconomic analysis.

It should also be pointed out that the mere absence of hostile competition was not enough; perhaps more important was the existence of a collaborative relationship or environment among economic analytic units. As a general rule, cross-cutting analytic units are not data generators, rather, they are data processors; they rely on other agencies to supply data to them. Good relations and collaboration with the data

generating agencies (line ministries, the Central Bank, and the like) therefore, are imperative to being able to produce good analysis. While competition was weak, UDAPE took pains to establish solid working relationships with data producing agencies, that continue to the present and has allowed UDAPE to become an economic data "clearing-house".

Role of USAID: Without the strong and continued long-term commitment of USAID, in all probability, UDAPE would never have been created, and most certainly not in the form it has taken. While other donors might have provided funding alternatives, it is uncertain whether they would have been as facilitative or as flexible as USAID. USAID has generally acted in a non-intrusive manner; it has not been insistent about supervision (periodic reports, regular meetings with the Executive director of UDAPE, and annual workplans are the principal mechanism for supervision) nor has it interfered in the setting of overall policy analysis priorities. Similarly, USAID has been careful not to abuse its relation through constant or insistent requests for studies from UDAPE -- despite some intense interest of certain USAID staffers to get more out of UDAPE. Occasionally, the USAID mission provided UDAPE with protection from politicizing forces through its sign-off authority on recruitment of staff. Once, USAID asked the government to submit alternatives for the position of executive director because it thought the nominee suggested was "too political".

Dependence on USAID support may be UDAPE's achilles heel. Though USAID provided all funding for its first ten years, in the new grant the government agreed to an increasing level of operational funding for UDAPE, with USAID covering all technical assistance needs. Whether or not the government will actually make good on its commitment and at the same levels financed by USAID remains to be seen. Given general resource scarcities and the increasing availability of alternative policy analysis mechanisms, it will not be an easy task.

Environmental Fit: From all appearances, UDAPE was the right organization in the right place at the right time. its neo-liberal outlook was well suited to the government's need to implement strong stabilization and adjustment policies. The Unit's market-oriented economists were fully in tune with the approach of the major donor agencies. But perhaps most importantly, for the first several years of its existence, UDAPE was the only body of economists with that outlook. While many other Bolivian economists were available, their training and approach, based on either socialist or interventionist frameworks, were generally antithetical to the market outlook of Bolivia's economic policy decision-makers. Unlike other local organizations, UDAPE understood its clients' needs as well as the limits to economic analysis. It understood the policy maker's need to know what **could be done** in contrast to a more theoretical what

should be done.

Since 1985, Bolivian governments have had relatively consistent, market-oriented economic policies; thus, UDAPE has not been faced with the need to adjust to sharply changing needs in the government. Though sometimes unrecognized, UDAPE does have a position -- a market oriented, neo-liberal position. Were a government to request policy studies at variance to that position, it is not clear how they would react.

Some Lessons: In many regards, UDAPE can be considered a successful organization; it has carried out its objectives effectively and with increasing efficiency; it has built a reputation for credibility and competence unrivaled in Bolivia; it has played a key role in the monitoring and implementation of Bolivia's macro-economic stabilization and adjustment agenda; and it has played an increasing role in the development and implementation of strategies for sectoral growth. What lessons, then, might be extracted from the UDAPE experience and applied to the development of other policy analysis units?

Some lessons stand out clearly. First, **ownership and demand go hand in hand**. When UDAPE was first created, it was not at all apparent that anybody, other than the donor, really wanted it. Demand for and interest in the Unit were quite low. However, when Sanchez became Planning Minister he quickly took UDAPE on as his own, made it a critical member of his team, and began to make heavy demands on the Unit. By making UDAPE part of his team, Sanchez truly took on ownership of the Unit -- while it was financed by USAID, it clearly belonged to the Government of Bolivia. The use of UDAPE's services and reliance on the Unit's advice gave early and decisive credence and viability to the young organization. Prior to Sanchez, UDAPE was talent-laden but the strength of its work was insufficient to raise it to prominence and real utility. But Sanchez' interest breathed life into the unit and created a real role for it. Strong ownership and the presence of an active and supportive patron are clearly necessary, if not sufficient, ingredients to achieving influence.

Second, **strong ownership by just anyone is not sufficient**. The policy unit's patron must be in a position not only to make demands for services from the Unit but must also be in a position to use that output to influence the policy process -- the patron/client must have a significant, if not dominant role in policy decision making. Traditional policy units located in Ministries not infrequently suffered from a lack of access due to being situated two or more bureaucratic layers away from the key policy decision-maker. Linkage to key policy makers was only indirect, and as a consequence, much of their work went unheard or unused. In the case of UDAPE in Bolivia, the Unit was located within the Ministry of Planning but was

directly linked to the Minister, who also happened to be, as Coordinator of Economic Policy, the dominant economic policy maker in Bolivia at that point. It might be noted that, in terms of its position on the organizational chart, UDAPE's position with respect to the Minister never changed; but the relationship was much more than a nominal close relationship -- the Minister actually regarded the Unit as a key part of the policy team.

Third, **technical capacity counts**. The Unit must have the ability to produce technically sound and high quality studies. The alternatives presented by the Unit as policy options must be technically feasible, but to do so requires access to highly trained and competent personnel. A major part of the reason for both the creation and success of UDAPE was the devastating erosion of technical capacity in other policy units scattered through government. However, getting access and recruiting qualified personnel into the public sector is hardly an easy task in an era of shrinking resources in the public sector. Maintaining qualified personnel is just as if not more difficult, especially with skills acquired through service in an organization such as UDAPE. Strategies must be developed for training new analysts and for enhancing the skills of the more experienced. Exceptions to personnel policy, which can easily cause jealousies to arise from unexcepted colleagues, often will need to be made, either to allow for short term contracting or for more competitive salaries and benefits. Although donor-provided resources can assist a unit in the beginning with the development of its capacity and in the production of studies, reliance on external experts will eventually erode ownership and credibility.

Fourth, **a neutral, trustful, and commited position by the donor appears to be critical**. USAID's willingness to support institutional development with no specific policy agenda was instrumental to the enhancement of UDAPE's "objective" credibility. Likewise, the capacity and willingness of USAID to serve as a periodic political buffer has also been important. While there was some occasional interest in "getting more from the Unit" by the USAID Mission, the policy agenda was clearly the Bolivian government's, not the donor's. The willingness of the donor to take a long view of funding UDAPE was also critical. Its commitment to the development of the organization had lasted well over a decade, a period of time sufficiently long to facilitate the Unit's institutionalization.

Fifth, **a close fit between the Unit's approach or thinking and the political and policy environment is crucial**. UDAPE not only produced sound technical analysis, but its policy approach was fully consistent with both the outlook and needs of the government and principal donor agencies. An analytical unit which does not respond to political as well as technical needs will find its recommendations consistently by-passed. Indeed, it will be interesting to see how UDAPE adapts to significant changes in government policy

positions in the coming years and how well UDAPE will be able to influence those changes.

Sixth, one would be remiss to omit comment about the uniqueness of the situation in which UDAPE was created. It might be difficult to encounter another environment equally unfettered by competition from other pre-existing analytical units. It likely would also be difficult to reproduce UDAPE's impeccable timing. When the real need for UDAPE's analytical capability emerged, the Unit had already existed for two years and was fully equipped to play an important role. One might speculate about probable success if the need for such a unit is discovered first and then steps are taken to create the unit. By the time the analytical unit actually has the capacity to assume its role, the need may well have passed or the client disappeared. Being in the right place at the right time with the right idea is a difficult combination -- but one which seems to characterize UDAPE.

A Framework and Replicability of the UDAPE Model

As unique as UDAPE's situation was, there are, nevertheless, several elements stand out and provide the basis of an tentative framework with which we can examine the likelihood of success for the creation and development of other policy analysis units:

- ownership and demand for the organization's services and outputs;
- direct linkage to a significant or dominant policy maker;
- the technical capability of the unit to deliver high quality, timely, and useful input;
- the role and commitment of the donor organization vis a vis the policy unit;
- the Unit's congruence with policy environment and its capacity to respond to practical political needs;
- and the competitive environment during the Unit's evolution.

IPC has, through various types of interventions, worked with five policy analytical units (six including Bolivia's UDAPE) created to support the process of strategic reform. These are: Honduras' UDAPEH, the PAC in Zambia, Jamaica's FPMU, the SSSU in the Gambia, and PAPI in Peru. Gambia's SSSU is the oldest, started in 1985, while Honduras' UDAPE, created in 1993, is the newest. IPC has provided significant long-term technical support to the policy units in Honduras, Zambia, and Jamaica, carried out evaluations for the Units in Gambia, Peru, and Bolivia, and provided design assistance to USAID for renewed funding to Bolivia's UDAPE. Each has received its primary funding from USAID.

Each of the Units was to have roughly the same basic purpose as UDAPE -- provide technical, analytic support to the government for the process of policy formulation and implementation. However, the

approach to development and the evolution of each of the Units has varied considerably. By using the framework just described, a matrix is presented to speculate about their chances of success. The proposed framework can also serve as a hypothesis to be confirmed or disconfirmed as the new units evolve. Figure One, below, shows in matrix form whether or not the elements described as key to UDAPE's success are present or not in the newly proposed Units.

FIGURE ONE

Presence of "Success Factors" in Policy Analysis Units

	BOLIVIA	ZAMBIA	HONDURAS	GAMBIA	PERU	JAMAICA
OWNERSHIP/PATRONAGE	hi	med	med/hi	lo	lo	lo/med
LINKAGE TO POLICY MAKER	hi	med/hi	hi	lo	lo	lo/med
TECHNICAL CAPACITY	hi	lo/med	med	lo	lo	lo
DONOR ROLE/COMMITMENT	hi	med	med	med	lo/med	lo/med
POLICY/POLITICAL CONGRUENCE	hi	med	med/hi	lo	med/hi	med
COLLABORATIVE ENVIRONMENT	med/hi	med	med	lo	lo	med/lo

Source: Author

As can be seen in Figure One, the presence of "success factors" is rather varied in these policy units, with none reaching near the levels achieved in Bolivia. Part of the reason for this may be because Bolivia is the oldest of the group. However, the next oldest example, Gambia, has the fewest of the success factors present, while the newest of the units, UDAPEH in Honduras, has the most. More important has been the approach that each unit has taken to assuring the presence of each success factor. Each of these is discussed below. (Please refer to the mini-cases for more complete descriptions of each of the individual Units.)

Ownership: In Honduras, it was clear from the outset that UDAPEH was needed and wanted by the Economic Cabinet. The Minister of Finance took an active role in the creation of the Unit and in assuring that it would respond quickly to the Economic Cabinet's needs by making the Director of the Unit Secretary to the Cabinet. When the Coordinator of the Economic Cabinet changed, the new Coordinator began to work immediately with the Unit. To assist in the process, the Unit has made assiduous use of stakeholder workshops to both develop its workplans as well as to assist in testing support for new policy alternatives.

Jamaica's Fiscal Policy Management Unit - FPMU

The FPMU in Jamaica was created in 1983 to a.) assist in establishing the Ministry of Finance to become the manager of fiscal policy in Jamaica, and b.) advise the Minister of Finance and Financial Secretary on a wide range of fiscal policy issues. The Unit was to be situated under the direction of one of the MOF's Deputy Financial Secretary. A two-year program of foreign assistance from USAID and UNDP provided expatriate technical advisors and minor commodity assistance for computers and the like, with the GOJ supplying counterparts and funds necessary for the Unit's operations.

The Unit appears to have been successful in creating a demand for its services and the quality of its ouput is highly regarded by its principal "customers", the Financial Secretary and the Minister of Finance. Before the creation of the FPMU, Jamaica ran a substantial budget deficit; now it is one of the few countries actually running a surplus. Information flows, particularly relating to monitoring of short-term stabilization and adjustment measures, have vastly improved through the FPMU. The Unit has also begun to have significant impact on policy discussions at the highest level especially on budget and inflation control related themes. While there is clear progress on the technical side, the FMPU has encountered some difficulty in the institutionalization process. This appears to stem from a couple of problems. First, the Unit has been unable to recruit and maintain qualified, Jamaican counterpart staff, partly because of limits on government remuneration and partly because the Unit has yet to become formally or fully established within the public administration of Government, ie., be accorded a line item space in the budget. Staffers are seconded from other agencies, they are not regular employees of the Unit. As a consequence, the burden of analysis is carried by the expatriate staff, most of whom will leave on or shortly after expiration of their limited (two-year) term contracts. Even if these experts had been fully commited to skills transfer, mostly they have had no one to transfer their skills to. Second, there appears to have been very little interest in institutionalization either from the expatriate advisors or from those in the Ministry capable of assisting in that process. Workplans have not been produced, training plans for staff have not been developed, and little strategic attention has been played to how the Unit should develop or be managed. The lack of training program only exacerbated the recruitment problem, and canceled the only other effective means to developing internal capacity. In a sense the lack of interest in institutionalization is accounted for by the fact that during much of its life, the Unit was without a National Director, and expatriate staff was more concerned with technical issues.

It is clear that without greater attention to the problems of institutionalization, it will be difficult to capitalize on the budding technical success of the Unit. With the appointment of a new Deputy Financial Secretary, whose principal responsibility is the direction of the Unit, some of the barriers to institutionalization have begun to become overcome and greater attention is being paid to management. With that, it appears that the Unit is on the right track.

In Zambia, although the Secretary to the Cabinet was convinced that the PAC was needed, the process of establishing ownership with and generating demand from the Cabinet members themselves was a lengthy but eventually successful process. Through a series of stakeholder workshops culminating with an all-day session with Cabinet, the PAC established its legitimacy and has succeeded in creating a widening pool of demand for its services. Ministers understand the need for the PAC's services and have implemented changes within their own policy processes to incorporate those services.

In Jamaica, the process of developing ownership has proved elusive. The Unit appears to have created demand for its services from the Financial Secretary and the Minister of Finance and appears to have had an impact in improving fiscal policy. However, the failure to name a national director and provide a full complement of Jamaican staff, and the fact that planned workshops to develop stakeholder interest and ownership were continually postponed, would appear to point to an underlying lack of interest. Gambia and Peru both represent cases where no real ownership ever developed. In the case of PAPI in Peru, while access was provided to funds to carry out studies on economic policy the project acted primarily as a broker for studies and interacted with government only sporadically. Demand was filtered through a highly

structured and limited process in which considerable decisional authority with regard to areas of interest and studies undertaken remained with USAID. No government agency actually took on management of PAPI. In the Gambia, the SSSU did create demand, but it did not succeed in generating ownership in the government. Indeed the largely expatriate staff of the SSSU had sharp disagreements with the Minister of Finance over certain policies which caused the Unit to appear to be taking sides against the government on some of the more unpopular reforms. Little was ever done to assure that there would be a full complement of Gambian staff; rather, throughout the existence of the Unit, there was heavy reliance on expatriate technicians.

Gambia's Statistical Studies Unit - SSSU

In response to a continuing economic and financial crisis, in early 1985, the government of the Gambia assembled a task force of high level officials which formulated, with the assitance of donor agencies, a comprehensive plan to redress structural imbalance and catalyze economic growth. The Economic Recovery Program also created the Statistical Studies Unit to assist the Ministry of Finance in the preparation of economic and financial analyses for national policy consideration and implementation. The SSSU was to be a semi-autonomous unit reporting to the Permanent Secretary, Ministry of Finance. Staffing was to include a Director, 6 economists, an information specialist, and administrative support. The services of an expatriate long-term residential advisor and substantial funding for short-term technical assistance were provided by USAID. Substantial provision was made for long- and short-term training in the United States, third countries and Gambia. Donor financial support of the Unit continued until the military takeover in 1994.

Between 1985-1992, the SSSU achieved some modest success in the ability to perform economic, statistical, and monitoring functions of economic performance. Reports were considered of good to high quality and did have strong influence in economic policy decision-making according to an evaluation of the project. The expatriate advisor enjoyed high visibility and stature in national policy formulation and implementation. Considerable improvement was made in economic and financial information systems and in the quality and timeliness of economic and financial statistics and enabled closer and more regular monitoring of the government's fiscal, monetary, and structural adjustment policies. But virtually all these efforts were carried out by expatriates who considered capacity building to be outside their terms of reference.

While significant improvements were made in monitoring and analysis, little in the way of skills transfer took place, and only very minimal effort was made toward institutionalization of the Unit. A Director was never named and throughout the period of donor funding most staff slots remained vacant. The training program was not strategically designed to fill the needs of the Unit. By the end of six years, the SSSU effectively had no staff who benefitted from the project's training efforts, and was unable to provide the level of analysis afforded by the technical advisors. Finally, disagreements between the Minister of Finance and the Chief Technical Advisor over certain policies caused the Unit to become associated with the more unpopular reforms, thereby eroding its long-term viability. At the end of the six years, a new project was designed to remedy some of those defects but was suspended because of the military takeover.

Linkage to the dominant policy maker: Linkage with dominant policy makers was uneven between the different Units. In Jamaica, at first it was unclear to whom the Unit should respond, since the Minister appeared rather uninterested in what the Unit could do or offer. This was complicated by the Unit being buried within the Finance Ministry, some four decisional levels away from the Minister. However, when a change of Minister occurred, the Financial Secretary began to take a direct interest and had the Unit placed under her jurisdiction, at which point the Unit's efforts and policy studies began to have more influence. In Zambia, there was an immediate, direct, and interested linkage with the Cabinet Secretary, but the link with the actual Ministers in Cabinet (the policy makers) took nearly two years to develop and required much cultivation. The cabinet workshop was instrumental in assisting to develop this important linkage -- without

their blessing, it will be impossible for the PAC to accomplish its objectives. In the Gambia, there was at first an excellent connection between the Unit's expatriate chief of party and the Minister of Finance. However, the link was a personal one, rather than institutional and began to suffer problems when disagreements arose over the implementation of unpopular policies. When that occurred, though the expatriate technical capacity was recognized as high quality, it began to have less impact. In Peru, because of PAPI's main role as a broker of studies, there was little direct connection to the government's chief policy makers. Moreover, the connection was mainly as part of the process to select studies, and was structured so that interaction was highly formal and not particularly agile. To make matters worse, for much of the time, the office of the technical assistance contractor (who to all intents ran the project) was located in the USAID Mission. In Honduras, in contrast, the fact that the Unit acts as the Economic Cabinet's Technical Secretariat, and the Director is Secretary to the Economic Cabinet, has given UDAPEH a direct link to the chief economic policy-making body in Honduras, a position not unlike that enjoyed by its namesake in Bolivia. The fact that UDAPEH's executive committee is composed of the vice-ministers of the Economic Cabinet's member ministries serves to further reinforce that link. Finally, the Coordinator of the Economic Cabinet, who is also the President's chief economic adviser, works closely with the Unit.

Zambia's Policy Analysis and Coordination Division - PAC

The PAC, created in early 1993, as a division of the Cabinet Office, was designed to assist in improving the effectiveness of government by providing the Cabinet with high quality advice and assistance in coordinating and implementing policy. The Division was headed by a Permanent Secretary, reporting to the Secretary of the Cabinet. A staff of roughly ten professionals were recruited from personnel in the disbanded Economic and Finance unit of the Cabinet Office and elsewhere in the public service. USAID/Zambia initially provided a one-year technical assistance contract for organization of the unit, strategic management and consensus building workshops, study tours, and training in substantive policy analytic areas. At the end of the first year, a three-year institutional contract was awarded to continue technical assistance.

The tasks of the Division were to provide analytic assistance on policy proposals brought before Cabinet through an assessment of: 1) consistency with government policy, 2) implications for other agencies, and 3) the presence of a "national perspective". The Unit was also expected to develop capabilities for assisting Ministries in planning for implementation of policy emanating from Cabinet.

Several constraints challenged the development of the Division into a full-fledged actor in the policy process. Technical skills in the Unit were highly uneven and deficient in crucial areas; the PAC's initial leadership was unmotivated; developing agreement among the Unit's critical stakeholders on the PAC's mission, objectives, and tasks, proved to be a prolonged process -- only after nearly two years and a series of strategic workshops with Ministries' Permanent Secretaries and Cabinet Ministers, aimed at building legitimacy for the Unit did there appear to be sufficient consensus. All these factors contributed to a slow evolution in the PAC's ability to perform the tasks prescribed, and to an apparent low level of real demand for PAC's services during the first two years. At the beginning of the Unit's third year, a program for training and upgrading substantive and technical skills was begun, and closer coordinative mechanisms with the line ministries were developed.

The role of technical assistance, unlike that frequently characterizing technical assistance to other analysis units, did not, at the outset, focus on the transfer of analytic skills in the various sectors. Technical assistance was aimed almost exclusively at facilitating the development of the organization and its structural relationships and at building sustainable technical capacity of PAC staffers though skills training. The TA team could have satisfied Cabinet demands for technical studies by actually doing them but instead chose to assist PAC in developing its own capacity to attend to Cabinet demand.

Technical Capacity: The level of technical capacity in the established Units varies widely. It is also here

that donor approach to technical assistance makes a considerable difference. Besides Bolivia, only in Honduras and Zambia has there been acquisition of significant local technical capacity. In each, the primary mode of technical assistance has been through short-term interventions, rather than through the use of resident long-term staff. Emphasis was put on skills transfer in carrying out technical studies. Short-term consultants were paired with unit staff on technical studies so that methodologies and tools could be acquired. Short-term training in various areas was provided either through local workshops or courses abroad. In both cases, no long-term training was provided. In addition to technical analytical areas, strategic management training was provided to assist the units in framing their own strategies for institutional development. In both Bolivia and Honduras, a resident advisor was attached to the Unit for several months; however, there was never more than one present at a given time, and the advisor reported to the local Unit Director. Further, the advisor's role was primarily one of institutional development.

In the cases of Jamaica, Gambia, and Peru, the technical assistance contractor furnished expatriate consultants to staff the unit, rather than utilize locally available resources. Although in each of these cases there was to be counterpart staff, in none of them were local requirements actually filled. The analytical tasks of these units fell largely, if not exclusively, to the expatriate staff. Although both Gambia and Peru had significant training components, and were to transfer skills to local staff, training efforts were either ineffective, or simply unattended. Consequently, skills transfer did not take place in any measurable degree. In Gambia's case, considerable resources were expended funding long-term training abroad; but most of the recipients either did not return to Gambia, or did not return to government service. In the case of Peru, a strategy for training was never developed, and most of the funds slated for training were unexpended several years after initiation of the project. In none of these cases did local staff develop much management capacity nor was much institutional development accomplished. Even after several years, expatriates still directed the units.

It is important to note that the approach taken to develop local capacity seems crucial. Where the main vehicle for providing service to clients of the unit has been local staff as in Bolivia, Honduras, and Zambia, with expatriate technical assistance viewed strictly as a short-term resource, local capacity and institutional development has increased significantly -- even where only modest training resources have been available. However, where the strategy has been to provide service through a largely expatriate staff, local capacity has not increased, even when substantial resources for training have been made available. The former approach is less intense, less costly, but much more effective.

Donor Role and Commitment: Donor support has been critical in all cases. It is likely that none of these Units could or would have been created without such support. Donors have provided funds not only for technical assistance but have also provided operating funds as well. That support has provided access to both high level training abroad as well as world class technical assistance. However, the approach and

Peru's Policy Analysis, Planning and Implementation project - PAPI

The purpose of PAPI, initiated in 1990, was to assist the government of Peru and the private sector in developing sound economic policies and strengthening the policy dialogue and decision making processes. USAID provided assistance to: a) carry out studies and provide follow-up technical assistance leading to the formulation and implementation of policies consistent with sound macro and sectoral economic objectives, and b) increase technical capacity of a wide range of public and private sector entities to play a role in the formulation, analysis and implementation of policy reforms. A unit, situated in USAID/Lima, was created and staffed with a mix of local and expatriate technical advisers to serve as mechanism for contracting studies and developing training programs. A committee consisting of officials from USAID, the private sector, the technical unit of the Office of the President, and the Ministry of Finance, oversaw PAPI activities in technical studies and training. PAPI had no direct connection to any other agency. Because the technical assistance team was actually situated in USAID offices, an even greater isolation from important decisional authority appears to have occurred.

Between 1990 and 1994, the project financed nearly forty technical studies for a wide variety of clients. Demand for studies was controlled through a fairly lengthy selection process which was to assure that study recommendations would have a positive impact on the policy formulation/decision-making process. However, selection of studies appears to have been mostly ad hoc without any particular strategic criteria applied. It also appears that the donor agency had a significant voice in selection. Most of the studies were contracted locally. The technical assistance team was responsible for review and quality control. Although training was a large component (nearly half of direct assistance expenditures) of the project, little was accomplished. No training strategy was developed during the first four years.

Useful and high quality studies were produced by the project. In all probability, these studies resulted in a higher level of dialogue on policy options. However, by the end of four years, when the project was extended, little capacity for analysis had been added. The technical asistance team acted primarily as a broker in the contracting of consultants and as primary quality control on the development of studies. With very few individuals actually trained and little direct skills transfer to local specialists from external experts, Peru's analytical capacity likely did not increase any beyond what it might have had there been no assistance.

role of the donor has varied significantly. In Bolivia, Zambia, and to a slightly lesser extent, Honduras, the donor role has been relatively non-intrusive. Supervision and control has been limited mostly to approval of plans for expenditure of technical assistance resources and limited input and participation in Unit workplan development. Decisions about which studies to undertake or areas of policy emphasis are made by the Unit chiefs together with their primary clients. While the donor finds it difficult to resist trying to inject its own policy agenda, the influence appears to be minimal.

In the Gambia, Peru, and Jamaica, the role of the donor has been much more proactive. The expatriate advisers were USAID contractors and as such reported to technical officers in USAID. In that context, the donor plays a much more important directive role and is in a position to influence the agenda of studies and policy issues to be addressed by the policy unit, and the donor agency generally had strong opinions about what the policy agenda should be. In Gambia, Peru, and Jamaica, it is likely that the Units were responding to the donor's rather than the national agenda.

Honduras Economic Policy Analysis Unit - UDAPEH

UDAPEH was created in 1993 to assist the Economic Cabinet (an ad hoc body consisting of the Ministers of Finance, Economy, Planning, Agriculture, and the President of the Central Bank) in the analysis, formulation, and implementation of sound economic policy. The Unit was included in the Ministry of Finance's organizational structure as a semi-autonomous body reporting directly to the Economic Cabinet. An oversight executive committee consisting of the vice-ministers of the Economic Cabinet's member ministries was also created. Relatively modest support for technical assistance was provided along with funding for the Unit's operations. UDAPEH's Director serves as Secretary to the Economic Cabinet, thus securing direct access to Honduras chief economic policy maker. UDAPEH is staffed by 10 professionals divided between the Divisions of Analysis and Implementation. The latter division was designed to perform monitoring functions and to assist client ministries with the design of implementation strategies. Technical assistance has concentrated on UDAPEH's institutional development and on partnering staff with external advisers on technical studies to build unit capabilities. The Unit has adopted a strategic focus in positioning itself as the Economic Cabinet's chief source of support for policy analysis. It has utilized stakeholder workshops to develop the Unit's legitimacy, for consensus building on issues, to reduce tension with potentially competing agencies, and for workplan development. Its workplan and strategy is reviewed at periodic strategic retreats.

The unit is staffed by young professionals trained to the Masters level, and one Ph.D. The Unit's quasi-autonomous status allows for pay and fixed term contracts outside regular civil service policy. Much of the work of the Unit is aimed at "firefighting". Medium term studies are selected by the Unit's executive committee during the workplan development process and generally carried out by short-term consultants with UDAPEH counterparts. Workplan development is accompanied by staff visits to client ministries to ascertain needs. Staff will need more training to begin serious long-term, reflective studies. The Implementation division is charged with monitoring compliance with international donor agreements and has developed performance indicators for the government's economic policy package.

Although there is ad hoc training mostly through "on-the-job training with external consultants on technical studies, there has been little analysis of needs for the long term development of the Unit. Some external training via short courses has been made available, but it has only be sporadic and opportunistic. It was expected that the long-term adviser would play a dominant role in development of staff capacity but he was present for only nine months of a scheduled eighteen. At the end of two years, UDAPEH had established itself as an important part of the policy process, its technical skills have significantly improved, and demand for its services increasing.

At the end of two years, UDAPEH was at something of a crossroads. It's heavy reliance on USAID funds was vulnerable to overall cutbacks in USAID, thereby threatening not only external assistance but also its operating expenses. The government had yet to fully commit to the Unit by creation of a line for UDAPEH in the budget. The Director of the Unit became the Vice-Minister of Finance (and chair of UDAPEH's Executive Committee). While the Unit has prospered, institutionalization is still in the distance.

In almost all cases, assistance has been generous and with a long view. USAID has provided assistance to Bolivia for over 12 years, and to Gambia for nearly ten years. The exception is Honduras, where it appears that funding will end after two years. But it does appear that the Honduran Government is prepared to contribute to financing the Unit. It seems highly unlikely that equivalent donor resources will be available to assist future units given the shrinking budget and shifting priorities of USAID. However, assistance is a double-edged sword -- it provides a level of resources unavailable locally that is capable of generating high and quality output. At the same time, however, it may also create dependence since an equal level of local resources is beyond reach.

Congruence with Political/Policy Needs: When Bolivia's UDAPE was created, it was an idea ahead of its time. Nevertheless, as the economy collapsed and traditional solutions failed, UDAPE quickly acquired relevance and importance. In The Gambia, however, the output of the SSSU was largely the donor's

agenda, and while supportive of the ongoing stabilization and adjustment programs, was highly unpopular with some key policy makers, in particular with the Minister of Finance. Since the Unit's staff was expatriate, it was that much simpler to see them as adversaries. In Peru, the purpose and proposed output was very much in tune with government interests and policy. In this case, however, the structure and operational mode of PAPI appears to have caused problems of "fit" or congruence with the policy making environment. The large presence of the donor in deciding and structuring PAPI's activities, its location in the USAID mission, and the dominance of expatriates on the staff, appears to have limited its access and wider utility. Likewise, Jamaica's FPMU's lack of congruence probably relates more to political/structural problems than to its policy analysis output. The Unit's policy studies had impact but the fact that the government appeared uninterested in filling local staff requirements may simply be an indication of lack of congruence with political interests and needs. Questionable initial choices regarding the Unit's location and access to key policy makers may have been both a source and consequence of poor political envrionmental fit. Once supervision of the Unit was assigned to the Deputy Financial Secretary, however, some of these problems were mitigated.

In Honduras, there was little question about the Unit's congruence with policy and political needs. The Unit was wanted, needed, and asked for by key policy makers. Importantly, Honduras' UDAPEH has also been capable of adjusting to shifts within the policy/political environment. Anticipating certain policy shifts after the November, 1993 elections, the Unit, during the transition period, carried out a series of activities designed both to change certain external impressions of the Unit and to cultivate the new policy actors. Two workshops were held with the new economic team to learn about their perspectives and to introduce the Unit. Although the general policy framework did not shift significantly, the results of the workshops produced subtle changes to the Unit's workplan, and helped the Unit's transition to a new set of clients to appear almost seamless. In Zambia, the PAC appears to have achieved a rather good environmental fit and that its services and output will be needed and welcomed, but that fit has not come easily or quickly. It has only been through a lengthy, nearly two-year process of stakeholder involvement that clarity and decisions regarding the PAC's objectives, and scope of work have been attained. Part of the reason for this, however, has been the readjustment of Zambia's political system from closed one-party dominant to more democratic multi-party system. As the rules of the game have changed and roles of the Cabinet and the Cabinet have shifted, PAC's strategy has also shifted.

Collaborative Environment: The overall collaborative environment for the new policy units has been relatively favorable, though not without obstacles. It should be noted that in none of the cases under discussion did other, potentially competing, units have the same capacity for cross-cutting policy analysis.

This fact, however, has not precluded some occasional dysfunctional, non-collaborative behavior from arising out of a perceived competition from other agencies. In Honduras, for instance, shortly after UDAPEH had gotten underway, a mid-level official and head of a sector analytical unit, in one of the more important Economic Cabinet Ministries, decided to withhold critical data and information from UDAPEH. That action effectively put a halt to the study that UDAPEH was trying to produce for the Economic Cabinet and required intervention by the Vice-Minister to solve the problem. Shortly after that, UDAPEH held a workshop with heads and chief analysts of several sector analytic units to both inform them about the nature of UDAPEH and begin to work out mechanisms for liasion and collaboration. One of the means used to pre-empt friction is through direct collaboration of staff from the sector units on UDAPEH studies.

In Zambia, a similar tactic has been adopted to head off potentially disruptive competitive behavior. After a series of stakeholder workshops had been held with the line ministries to familiarize them with the role of PAC and the new processes to be followed for the development of cabinet level policy initiatives, liaison points were established with each of the Ministries. PAC then organized a series of workshops with liaison staff both to familiarize them with the new process and to enlist their collaboration in implementation of the new scheme. Likewise, in Jamaica, part of the strategy of the technical assistance team was to provide a round of stakeholder workshops, focused on potentially competitive agencies to both defuse some budding animosities and to establish a more collaborative framework. However, the round of workshops was not finished and the FPMU perhaps has experienced more than its share of dysfunctional competition as a consequence. In the other cases examined here, competition, not surprisingly, has eroded the legitimacy of the cross-cutting Units. The main reason is that there seems to have been virtually no effort to establish a collaborative environment, through the use of either informative stakeholder or consensus building workshops to assure other agencies that their functions would not be usurped by the new unit. Other agencies do not seem to have entirely bought into the idea of the Unit, and have been likewise indisposed to assisting them.

Sustainability: It is quite difficult to say whether or not the units discussed here will survive. That will largely depend on availability of resources to fund unit activity and continued demand from key policy-makers. First, it is unclear if those that have been successful at injecting their influence into the policy process will continue to enjoy the same level of resources as in the past. In each of the examples, primary funding has come from USAID, and it is highly unlikely that the Agency will continue at these same levels. The units in both Bolivia and Honduras had begun to explore alternative sources of funds and their governments had made gestures of increasing interest in maintaining the units. While it is likely that funding will be reduced, it should be recalled that, at least in the more successful units, the larger proportion of

resources was used for foreign technical assistance for capacity building. To the extent that task is finished (as is mostly the case in Bolivia and Honduras) then the resource burden for sustainability is reduced. Second, and perhaps more important to the issue of sustainability is a continued high level of demand for the services of the analysis units described here. In The Gambia and Peru, as demand evaporated so did the viability of the units; in Jamaica, there appears to be a continuing lack of fundamental interest, given the resistance to providing local staff. In Zambia, the demand and acceptance of PAC's services in the policy process remains highly tentative. In Bolivia and Honduras, however, the analysis units might become victims of their own success. To the extent that each has been successful in supplying good analysis to their respective primary clients, the macro-group and the economic cabinet, the policies implemented will tend to become routinized in line ministries and the functions of the macro group and the economic cabinet will disappear. If and once that occurs, then it is likely that the line ministries will look to their own internal units for required analytical support -- thus, the role of UDAPE and UDAPEH will also disappear. In Bolivia, for instance, the reinvigorated analysis unit in the Central Bank has largely reclaimed its role in the analysis and management of monetary policy. If one views the primary role of macro-groups and other such agencies as necessary or important mechanisms to bridge the transition required during major policy reform, then it seems appropriate that when that transition has been bridged, such ad hoc mechanisms disappear.

Conclusion:

The UDAPE-Bolivia experience clearly shows that the new policy analysis units can play a prominent and significant role in the analysis of policy alternatives and in the direction of strategic reform. The framework developed from the UDAPE model also appears to be a useful device for examining the extent to which similar units are pursuing a like path. Both Honduras and Zambia are well along the way to developing or sharing most of those characteristics that appear to have assisted in UDAPE-Bolivia with achieving a considerable level of influence, and with impacting on the policy formulation and implementation processes in their respective countries. Jamaica, while it shares some of those characteristics, also seems to be struggling and has yet to gain the same level of ownership found in Zambia or Honduras. Gambia and Peru, on the other hand, share the least number of success characteristics found in Bolivia, and likewise seem to have achieved the least degree of influence.

The more successful of the new policy units appear to share another trait that perhaps goes a bit deeper than that shown on the "success factors" table -- the approach taken to establishment of and assistance to the policy unit and to the agenda of the donor. In Bolivia, Zambia, and Honduras, the main thrust of assistance and activity has been towards the institutional development of the unit. Technical assistance

was used to develop capacity of local staff, and not as a substitute for local staff. When external consultants were brought in to assist on a technical study, they would be partnered with local staff. Other technical assistance focussed on organizational development and team building, assisting the Unit in adopting a strategic perspective, and in the development of a strategic plan. Although residential expatriate advisers were assigned temporarily in Bolivia and Honduras, each reported to the director of the Unit. And when these assignments were completed, they were not replaced. Technical assistance was aimed at institutional development and skills enhancement and was locally led. If the donor had a policy agenda that it wanted to pursue, that agenda appears to have taken a backseat to the Units' institutional needs. The approach taken to the development of each of these units has led to a greater sense of ownership by the governments of these units and an increasing demand for their services.

In contrast, in Gambia, Peru, and to a slightly lesser extent Jamaica, the emphasis has been on production of quality policy studies with, for the most part, successful results. The fact that these were carried out almost exclusively by expatriate or external consultants, and that little or no skills transfer or capacity enhancement took place was apparently irrelevant to the objectives of the donor agenda -- producing studies. Given the high level of technical assistance to Jamaica, the Gambia, and Peru, it can probably be argued that more and technically better studies were produced than in the other three countries. Nevertheless, though perhaps technically inferior, the studies produced by the Units in Bolivia, Honduras and Zambia had more policy impact because of the higher overall influence and access to key policy-makers enjoyed by each of the units. Technical assistance, rather than assisting in developing local capability, simply substituted for that local capability. Since the positions for national director in Units in both Jamaica and the Gambia were mostly left unfilled, leadership rested with the expatriate advisors. Unlike Bolivia, Zambia, and Honduras, there appears to be little sense of ownership -- and consequently, little real demand for their services.

The policy units described in this paper represent interesting organizational responses to problems presented by policy reform management. The successful units are responses to support the needs of cross-cutting policy management structures such as the "macro-group", and the "economic cabinet", which are themselves ad hoc responses to the needs of policy management. Whether such units ought to be encouraged or whether they will be sustainable are interesting questions. One must assume that eventually, government institutions will adjust or modify their nature, organizational structures, and internal operating processes to the exigencies and needs of policy reform and that responsibility for managing policy reforms will be more readily divided and assigned. With that, it would seem likely that the need for multi-organizational institutions such as "macro-groups" and "economic cabinets" will disappear. Indeed, in Bolivia, this process may already be underway; as the Central Bank has strengthened its analytical

capacity, it has taken on more of UDAPE's responsibilities. As macro-policy management has become more routinized in other agencies UDAPE has expanded into sectoral analysis, a sign that perhaps its work is done. In both Zambia and Honduras, this problem remains one for the future, but in the meantime, PAC and UDAPEH are useful responses to policy management needs.

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