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FINAL REPORT ON INSTITUTIONAL DEVELOPMENT

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Effective design and implementation of the development assistance effort around I.D. objectives requires the following on the side of the donor:

- Strong leadership and effective management
- Long term commitment, because effective I.D. requires much time and energy.
- Flexibility so that due consideration can be paid to participation on the side of the recipients, so that all parties concerned can learn by doing, and that proper actions can be taken if the assumptions on which a project design was based are no longer valid.
- Simplicity in order to avoid overburdening the institutional capacities of the recipients.
- Due consideration to be paid to those cultural differences which matter in the case of effective I.D.
- An effective incentive system.
- Sufficient know-how in the field of I.D.

Until now most donor agencies lack sufficient know-how in the field of I.D. Traditionally the expertise in the development assistance world has been concentrated in areas such as engineering and economics. Moreover, management techniques, motivation and leadership, and the way organizations are structured are partly culture specific. Thus, the expertise of many Westerners in the field of business administration, management and organization, and change processes is less relevant the more the value patterns of the recipients differ from their own values. This is aggravated by the fact that know-how on effective managerial and organizational practices in the different developing countries is limited.

Incorporation of I.D. within the development assistance effort of governmental donor agencies can meet opposition due to the following:

- Increase in workload of project officers
- Short-term budgetary procedures of central government.
- The perceived need to appease constituents with short-term tangible results.
- The vagueness within the system allowing interest groups and politicians to pursue their own interests.
- Short-term perspective.
- An organization culture characterized by bureaucratic procedures.
- Competition among donor agencies.
- High turnover of project officers and experts.

It might be clear that it is not easy to create the proper conditions within the donor community for the realization of effective I.D. The danger is that instead of creating an environment which favours the right approach to I.D., donors, especially governmental donors, will turn themselves exclusively to the development of techniques and instruments, such as checklists, more precise techniques and procedures for project design, selection and implementation, because that is where they excel. That is not to say that those techniques and procedures cannot have a useful function. But as long as they are not built on the proper policies, much of the energy is spent for ritualistic purposes, unless the development and use of those techniques and procedures forms part of a strategy to arouse the interest in and awareness for I.D. within donor agencies.

For governmental donor agencies, the implementation of I.D. is a matter of strategic management. If a governmental donor agency really wants to increase the sustainability of its development assistance effort through I.D., it is recommended to assess its potential to do so. This can be done by making an analysis of the following aspects:

- The constraints with which it has to cope.
- The organizational culture of the donor.
- The incentive system both at a formal as well as an informal level.
- Its degree of autonomy to minimize the constraints, and to change the organizational culture and its incentive system. .

To define on the basis of the analysis the degree to which the agency can increase its autonomy vis-a-vis constituents and interest groups which might disfavour a genuine focus on I.D., and to develop a strategy accordingly.

To define on the basis of the analysis the degree and content of delegation to outside agencies to safeguard a minimum level of satisfactory I.D. interventions. If on the basis of the analysis outside agencies can play an useful role, they should then develop procedures which guarantee the outside agencies enough autonomy, while at the same time introducing an appropriate control and reward system to safeguard effective I.D. interventions, and to develop strategies for implementation.

1. INTRODUCTION

1.1 Purpose of the assignment; TOR

The Dutch Minister for Development Cooperation requested IDEAS to make an inventory of lessons learned by other donor agencies in the field of institutional development, I.D.

It was the general feeling within the ministry that too little explicit attention has been given to the subject of I.D. The awareness about the importance of I.D. came into existence as a result of the recent preoccupation among donor agencies with sustainability.

In order to avoid mistakes which might have been made by other donors, and in order to draw on lessons learned by them, the consultants were requested to visit some 20 donor agencies. For a list of those donor agencies please refer to Annex II. The total number of interviewees was 120.

The objectives of the assignment were twofold:

1. To make an inventory of the operationalization of I.D. within policies, activities, and organizational structure and procedures, based on experience and feed-back of evaluation results.
2. To give an indication of the strengths and weaknesses of the institutional aspects of the public and private sector in developing countries in regard to the implementation and follow-up of projects, as perceived by the donor agencies.

For the terms of reference of the assignment please refer to Annex I.

The minister did not exclude the possibility of a follow-up to this assignment in which an inventory will be made of the lessons learned by the recipients.

1.2 Methodology

In order to draw as many lessons as possible from the respective donor organizations, a questionnaire was developed to be used during the interviews. It appeared however, that most of the interviewees did not have enough time to answer all the questions so that it was not possible to cover all the issues during one sitting. Therefore we tried to cover most issues by asking different people different questions within the same organization. That was to no avail because within most donor organizations there existed no consensus about I.D. Thus during the interviews we concentrated increasingly on the main issues of I.D., such as factors for success and main constraints. As a result we had to put much more time into reading documentation, evaluation reports and books about I.D. than envisaged by our principal.

Many of the interviewees had pertinent ideas about I.D. and about the role their own organization plays in this respect. The most striking outcome of our work was the perceived discrepancy by the interviewees between what was said and what was done. See paragraph 1.3.

We therefore decided to make a strict distinction between espoused objectives and "reality". All oral information is treated as confidential, i.e. the sources will not be disclosed.

The information will not be presented per donor for the following reasons:

- Most donor organizations have not yet defined clear objectives and targets.
- The largest part of information we received, both in oral and in written form, is confidential.
- I.D. is a rather threatening subject. There is perhaps no other issue that refers back to the donor in such a strong degree as institutional development. Development assistance given to construct a bridge has nothing to do with the donor. But concern about organizational aspects does not necessarily limit itself to the recipients. Many of the interviewees suggested that in the field of I.D. much went wrong due to inconsistencies in the policies and actions of their own organizations.

Reference will only be made to official written statements and publications. Statements in the text without reference are either taken from interviews or from confidential papers.

During our interviews, which often had emotional undertones, it became clear that many donor agencies were struggling with the subject irrespective of the period during which I.D. had already (partly) been taken into account.

We therefore concentrated our search more and more on the institutional aspects of donor agencies in regard to the effectiveness of their I.D. activities.

The focus of our search has been directed at consequences and lessons for governmental donor agencies, because our principal is a governmental donor. We visited governmental donor agencies in 8 countries. Other types of donor agencies were also visited, viz. international development banks, multilateral donors and NGO's. It might have been of interest to our principal to learn more about the I.D. strengths and weaknesses between different groups of donors, such as between NGO's and multilateral donors. However, we visited few of those organizations and the amount of information which was collected would not have been sufficient to make general statements in regard to differences in I.D. effectiveness. Moreover it would have endangered the confidentiality of our interviews.

The lessons which have been presented in chapter 6 have been confined to major generic lessons. With generic lessons, we mean lessons which are valid irrespective of the content of the development assistance activity. This was done for the following reasons:

- Time constraint.
- The interviewees limited themselves often to constraints on the side of the donors. It was striking how similar those constraints were among the different donors.
- Contingencies influencing I.D. activities appeared to be much more diverse at project level than on the level of donor agencies, thus creating differentiation in lessons to be drawn.

In order to draw these generic lessons the following has been done:

- to confine the content of I.D. to such a degree that it could be used within an analytical framework
- to develop an analytical framework by comparing different approaches in the field of I.D.
- to analyse the collected information by looking for common denominators and for discrepancies

As a result of this approach the level of abstraction of the report is rather high. Examples elucidating the text are presented in boxes.

Chapters 1, 2, 3, and 4 give a concise description of the salient information which was found. In these chapters, the explicit opinions of the consultants have been presented under the heading comments. Chapters 5, 6 and 7 present the views and interpretations of the consultants.

1.3 Perceived relevance of institutional development

1.3.1 Official policies and strategies of donors

Most donor organizations seem to emphasize the importance of I.D. The donor which has been most explicit is US-AID. In the case of the World Bank, many monographs have been written on the subject. One of its annual reports, the 1983 report, has put the subject in the limelight, and I.D. has been incorporated in its Operational Manual Statement. But, as many of its employees pointed out, I.D. has not been incorporated in its mission statement. UNDP personnel indicated that I.D. has from the inception been a major concern of UNDP, but no official documents were received showing that I.D. forms part of its mission. A third donor, CIDA, has made human resource development one of its main objectives.

Three donor organizations, the World Bank, US-AID, and UNESCO are rather explicit on the question of whether I.D. activities should form part of

their regular assistance activities. In the case of the World Bank there is a tendency to differentiate between short-term and long-term I.D. activities, due to a perceived trade-off between activities directed at operational support to ensure the efficient implementation of projects and activities directed at long-term capacity building. Another reason is that I.D. activities aimed at a long-term effect require more time than the regular project investment and certainly more time than a structural adjustment loan. The so-called free standing I.D. projects can be either linked to a project activity or to structural adjustment loans. In the latter case, the free standing I.D. project is directed at the improvement of the capabilities of the central government as well as at a change of policies to improve the economic system of the recipient country. In the case of US-AID it is explicitly stated that I.D. activities should be incorporated into its normal project- or programme activities. (1)

In UNESCO it was stated that the only thing in which the Science Sector is engaged is institution building.

CIDA, ODA, SIDA and US-AID are trying to strengthen their I.D. efforts by involving outside parties explicitly in the field of I.D. Next to NGO's, being defined as private institutions which receive a fixed allocation, CIDA tries to involve as many of the institutions within its own country as possible in development assistance through twinning arrangements. A twinning arrangement is a cooperation between two organizations, both involved in the same activity, one being based in the donor country, the other being based in the recipient country. It is normally limited to non-commercial organizations like a central bureau for statistics or local government. Twinning involves a long lasting relationship in which the organization in the donor country assists the counterpart organization in a flexible way in strengthening its operations. SIDA too is putting more and more emphasis on twinning arrangements, also involving commercial enterprises.

ODA involves consultancy firms on an on-going basis in the field of I.D., and US-AID gives financial support to groups linked to universities within the U.S.A., to enhance the body of know-how in the field of I.D. As a consequence a new discipline is coming into existence called "development management".

NOVIB and HIVOS, two Dutch NGO's, try to strengthen their I.D. efforts by appointing representatives in developing countries, whose main responsibilities are to build networks of local advisors and to guide and train people to better manage recipient organizations. Another policy of the NGO's which were visited, is to develop long-lasting relationships with partner organizations, therefore improving the institutional capacities in the long run.

One interviewee described an informal strategy which was directed at enlarging the autonomy of a donor organization, closely linked to the central government. The strategy implied that bright persons working in the donor organization were seconded to ministries in order to create better mutual understanding, informal relationships and a better insight with respect to procedures, preoccupations and know-how in the ministries concerned, in order to better realize its own development assistance objectives.

Another strategy, though not very explicitly pursued up to now, perhaps with the exception of CIDA, is to educate the general public implicitly or explicitly on I.D. issues, by stressing the time-perspective involved.

1.3.2 Operationalization within donor-organizations

One of the conclusions in the book "Does Aid Work" is "that there is a general weakness in the aid process.....in that the understanding of institutional, political and social constraints to aid effectiveness lag very far behind economic and technical competence in virtually all agencies. The number of people skilled in the latter employed by the agencies outnumber those trained and skilled in the former by several hundred to one." (2)

This conclusion is in line with the comments which the interviewees made.

Some interviewees state that foreign aid contributed to the creation of institutional problems instead of solving them. Moreover, in none of the donor organizations is personnel policy directed at I.D., not only as far as recruitment criteria are concerned, but also not in the field of incentives and career development.

On the other hand many interviewees expressed as their view that one was struggling with the subject, both in theoretical terms as well as in terms of operationalization. Thus the following were mentioned as suggestions to strengthen the performance in the field of I.D.:

- Incorporation of I.D. aspects into the project cycle, e.g. through the development of check lists.
- Extension of the period of commitment either by increasing the period of financial commitment, in the case of e.g. CIDA up to 5 years, or by sequential planning.
- Appointment of persons responsible for incorporation of I.D. elements in regular projects and for the formulation of free standing I.D. projects in the case of the World Bank.
- Creation of a special staff-department responsible among other things for increasing the body of know-how in the field of I.D. (World Bank and US-AID) or being instrumental in establishing outside institutions with a similar function (US-AID and ODA)
- Inducing in-house as well as outside professionals to draw lessons from past performances in the field of I.D. (CIDA, ODA and US-AID)
- Creation of special projects and/or branches to strengthen I.D. e.g.
 - free standing I.D. projects; World Bank
 - establishment in 1979 within CIDA of an "Institutional Cooperation and Development Services" division, ICDS. One of the mandates of ICDS is helping to develop Third World institutions to meet development needs, through twinning arrangements among others (6).
 - establishment in 1980 within CIDA of a programme "Management for Change" to stimulate and support innovative ways to improve the managerial capabilities of senior executives.
 - establishment of an office of "Rural and Institutional Development" within US-AID to strengthen policies and institutions in recipient countries in several key areas. It is a staff organ serving US-AID by among other things increasing the body of know-how in the field of I.D. by contracting out studies to several consultants and university departments.

- Increase in the amount of consultative meetings between the different parties concerned in order to increase the commitment on the side of the recipients and introduction of seminars and action-learning for the same purpose.
- Delegation of power of discretion by NGO's to recipients to increase commitment
- Within GTZ, some of the persons involved in the development of an I.D.-policy are playing with the idea of incorporating I.D.-policies into the organization development programme which will be implemented within GTZ.
- Another initiative worth mentioning is the establishment in 1986 of the European Centre for Development Policy Management, made possible by an endowment fund granted by the Dutch Government. The aim of the organization is to facilitate the development of a more effective organizational and institutional capacity for management and development policy.

1.3.3 Differences between theory and practice

Many of the interviewees experienced a great difference between the stated objectives, strategies and espoused efforts in the field of I.D. and reality. The following reasons were given for the perceived gap between theory and practice:

- The constituencies have to be placated by short-term results. According to many, "I.D. is not sexy enough". It takes too much time and the end-result is not tangible. However, sustainability should be the final objective of all aid efforts. Thus many donor organizations are induced to be over-optimistic in their official statements.
- Strictly related to the above statement is the reason, often cited, that budgetary procedures create pressures to spend money quickly. Thus within the World Bank, respondents told that based on their own experience, free standing I.D. projects would require three times more work than a regular project while spending only one tenth to one hundredth of a regular loan.
- Politics both in the donor and the recipient countries diluting I.D. efforts.
- The absence both in donor organizations and among recipients of incentives to induce personnel and target people to spend much energy on I.D.
- A limited body of know-how on effective I.D. and a shortage of people who know about the state of the art both within and outside donor organizations.
- Cultural differences, which are not adequately taken into consideration.

Interviewees were selected based on their involvement with I.D. From the comments of most of the interviewees it became clear that they often felt to be a minority within their own organizations.

Many interviewees told stories exemplifying the discrepancy between theory and practice. The most noteworthy stories are given below:

- I.D. activities are dependent on the enthusiasm and extra energy of isolated individuals. These individuals might endanger their careers by pursuing I.D. objectives, despite espoused objectives and strategies.
- One person responsible for I.D. activities within a donor agency decided to become a project officer because in the latter case he was able to do more on I.D. within his own projects than while being an internal consultant on I.D.
- Somebody responsible for I.D. activities within a donor agency was told by his superior that it would harm his career if he would pursue the implementation of I.D. too vigorously.
- Somebody responsible for the internal control function mentioned that while being successful and respected in his former functions he was now being slandered by his colleagues in order to undermine his power of control.

These statements are quoted because they fit into the general pattern, indicating that it is not easy to change a well ingrained pattern of beliefs, norms and practices.

1.3.4 Comments

On the one hand, it is questionable whether all critique in this respect would be fair. With the exception of some donor organizations the issue of I.D. is fairly new. One sees all kind of initiatives undertaken by donor organizations to increase activities in the field of I.D. and to increase their effectiveness. A very promising development, though still in its infant-stage, is the possibility that GTZ might incorporate I.D. policies into its organizational development programme. Thus acknowledging that I.D. is a strategic management issue which cannot be effectively implemented without integrating it into its own management practices.

On the other hand there is reason for concern. This will be explained by drawing on two different sources:

In the book "Does Aid Work" the following is stated on page 295:

"When aid goes wrong, its failings can be divided into what might be called the more and the less reprehensible. On the donor side, some of the more reprehensible failures come from pursuing commercial or political ends without much regard for the development objectives of aid; others, from not learning from past mistakes" (2). This statement refers to project activities. But there is no reason why it shouldn't refer as well to I.D. activities.

Actually there are indications that it could be more valid in the case of I.D. than in the case of ordinary project activities. Supporting the construction of bridges in recipient countries or supporting integrated rural development doesn't directly back-fire at the donor organization. But efficiency, incentives and politics are not concepts which only refer to the recipient. They are as valid for the donor organizations. In other words the lessons to be learned might be more relevant but therefore also more threatening than in the case of traditional project implementation.

In a World Bank paper it is stated, "that due to informal interest many bureaucracies can do much better but won't unless appropriate incentive systems have been put in place" (3). The paper refers to bureaucracies in recipient countries. But there is no reason why it shouldn't apply as well to bureaucracies in donor countries.

In consideration of the question why donor organizations too often don't learn from their mistakes the answer follows: "not because they want to but can't, but because they can do much better but won't" (3). Or to say it differently, by repeating one of the interviewees, "We need a lot of courageous people to ensure that our organization readily directs its efforts wholeheartedly and successfully at I.D."

At the moment one cannot come up with a conclusive statement. Many people in most of the donor organizations which have been visited are really concerned about I.D. But at the same time it was obvious that on average the longer they have been involved in I.D. the more pessimistic they have become. Whether that is proof of an unbridgeable gap between theory and practice or due to a time perspective too short is yet unknown.

1.4 Outline of the report

By way of an introduction, in chapter 1 the purpose and methodology of this assignment are discussed as well as the perceived relevance of I.D. by donor agencies. This has been elaborated on in chapter 2 by defining and positioning I.D. by comparing it with related topics such as institution building, project organization and sustainability, technical assistance and influencing recipient-country policies.

In chapter 3 a concise description has been given of the problems in recipient countries which hamper effective I.D. as perceived by donor agencies.

In chapter 4 different approaches in the field of development assistance with special relevance for I.D. have been addressed. Special attention has also been paid to the often imposing cultural dimension of I.D. in paragraph 4.8. A "typical" governmental donor has been described in some detail in paragraph 4.10 to indicate that on a more abstract level governmental donors and governmental recipients have more in common than is often assumed.

In chapter 5 the factors positively influencing the results of I.D. activities as well as the various constraints to the donor and the recipient and their interaction have been brought together.

The major lessons learned from this research have been presented in chapter 6.

To close, a consolidation of the recommendations contained in the previous chapters is given in chapter 7.

2. DEFINITIONS OF INSTITUTIONAL DEVELOPMENT

2.1 Definitions in use by donor organizations

Most donor organizations acknowledge, in one way or the other, the importance of I.D. Very few, however, have defined I.D. Only one donor organization of the 20 which were visited has published an official Policy Paper on Institutional Development, viz. US-AID. Even here no formal definition can be found, but the following definition can be inferred:

"I.D. entails all activities of a donor to help countries establish and strengthen public and private institutions in support of mutually agreed, priority development objectives. By institutions is not only meant specific organizations, but also institutions in the broader and more fundamental sense, such as financial and commodity markets, systems of land tenure, and legal systems." (1)

In many organizations I.D. is a matter of concern, as reflected in papers and articles on or related to the subject, often still in a preparatory stage. In a working paper of the ODA it is stated that the type of I.D. approach emerging now concentrates on the local institution itself and basically tries to get it to do what it is supposed to do more efficiently. In a discussion paper of GTZ the following definition can be inferred:

"Assisting the development of viable institutions rooted in their social, political, normative, cultural and natural environment in such a way that recipients will be capable to take care of their developmental tasks independently and on a long term basis". (4)

In one of the papers of the World Bank, I.D. has been defined as:

"Strengthening the indigenous capacity of borrower institutions to perform their functions on a sustainable basis." (5)

Again, other organizations try to integrate I.D. as a self-evident aspect of development assistance; the Dutch NGO NOVIR is preparing the introduction of Planning, Monitoring and Evaluations Systems (PMES) in counterpart organizations, and also discusses the possibilities for decentralization of assistance activities. The objective is to put I.D. into practice through the transfer of responsibilities to counterpart organizations.

Comments

The definition as inferred from US-AID covers both organizations as well as institutions without an organizational structure. Other documents from US-AID commenting on the problems encountered during I.D. efforts concentrate, however, on organizational issues per se and not on institutional issues unrelated to organization and management.

The definition of the World Bank, quoted above, refers to sustainability. It is indeed relevant to distinguish I.D. from institutional support meant to safeguard project activities. Sustainability refers to long-term effects beyond the termination of specific development assistance efforts. At the same time the definition, quoted from one of the World Bank papers, is surprisingly modest; the issue at stake is sustainability, but it excludes the aim to strive for an increase in the performance level of recipients on a sustainable basis.

The inferred definition of GTZ emphasizes the local environment, in which institutions must be rooted, as a condition for viability and sustainability.

2.2 Other definitions and concepts

2.2.1 Institution versus organization

The terms institution and organization are commonly used interchangeably and this contributes to ambiguity and confusion. Three categories can be distinguished:

- i) organizations that are not institutions
- ii) organizations that are institutions and vice versa.
- iii) institutions that are not organizations

Organizations can be defined as structures within which people cooperate according to recognized and accepted roles.

Institutions can be defined as complexes of norms and behaviors that persist over time by serving collectively valued purposes. (6)

Institutions that are organizations and vice versa can be defined as structures within which people cooperate according to recognized and accepted roles, which persist over time by serving collectively valued purposes.

- EXAMPLES:**
- i. A new organization being established with the help of a donor to popularize birth control techniques. Despite overpopulation pressures, birth control does not serve collectively valued purposes.
 - ii. The same country is plagued by food shortages. For many years a governmental organization has distributed food donated by relief organizations. That organization has become an institution over time, because it serves the collectively valued purpose of the powerful chief (government) who helps his poor servants in times of hardship.
 - iii. Development assistance, traditional law or patronage systems.

Comments

Given the word "institution" in the term "institutional development" the above distinction would imply that I.D. will entail activities directed at category ii, organizations that are institutions and vice versa, and at category iii, institutions that are not organizations. The preoccupation of donors in respect to I.D., however, is with organizations; especially with project organizations, because many (project) organizations do not persist over time in a meaningful way. The reason being that the bulk of development assistance is designed by foreigners and hence often not

rooted in the local environment. Projects tend to be designed following the donor's standards, points of view and conditions, which do not necessarily fit into the recipients' environment.

The challenge for donors appears to be either to assist organizations to go from category i. to category ii., so that organizations will persist over time by serving collectively valued purposes, or to associate the assistance right away with existing institutions falling under category ii.

2.2.2 Institution building versus institutional development

Institution building can be defined as the establishment and /or increase of organizational structures, organizational infra-structure and personnel. Often institution building has been equated with I.D., but incorrectly so. Many donors trying to keep national political forces in the recipient country at a distance, or trying to get around ineffective organizations in the recipient country, or trying to control its stakes vis-a-vis other donors, have established new entities. As a result in many developing countries, there are not too few but too many organizational structures, thus increasing the discrepancy between demands and available resources.

Comments

Institution building can only be equated with institutional development, if the institutions which have been built will be sustainable and if they will contribute more to society than when the existing organizational fabric would have been used.

2.2.3 Institutional development versus project organization

Most donors and interviewees agree that sustainability is a dominant element of I.D. Or in other words, I.D. will not be successful if the organizations appear not to be sustainable. A consultancy firm contracted by DANIDA, rightly pointed at the contradiction which exists between sustainability and project organizations, or for that matter between I.D. and project organizations. I.D. is a long-term process while a project is meant to be an "on-off" activity with clear targets. It is against this background that the World Bank has detached some of its I.D. activities from its normal project support, in the form of free-standing I.D. projects.

Comments

The inherent contradiction between I.D. and projects is crucial. It implies that the hand-over phase is not just a hand-over phase but a transfer from one approach, short-term tangible result orientation, to another approach, long-term process orientation to increase the capacity of the recipient organization on a sustainable basis. The two approaches are actually so different that many difficulties could arise during the hand-over phase. One interviewee complained about what he called the projectitis of donors. And indeed, if I.D. would really get the prominence it deserves, the hand-over phase should be neither treated as an after-thought, nor would it suffice to emphasize the hand-over phase.

All development assistance, whether it is in the form of projects or programmes, should be designed, implemented and monitored on the premise that it should primarily strengthen the institutional capacity of recipients on a sustainable basis. One manner to do so would be to require project officers within donor organizations to justify reasons for deviating from the rule that projects have to be made designed around I.D.

The following example might illustrate this dilemma:
An international aid agency initiated a project to improve the local railway system in a developing country. A project team was set up to study and prepare the improvement of the railway system. After the study had been finalized it appeared that an expatriate consultant was needed permanently to help the local manager to interpret the huge quantity of complicated and detailed reports required for implementation.

I.D. is a long term process. The results of I.D. are not very tangible and therefore difficult to assess. If I.D. would limit itself to entrepreneurial activities in a market oriented society, profitability could have been a criteria for success, although even in such a context it would not always be that easy to isolate the different factors contributing to success. But development assistance and concomittant I.D. activities are mostly directed at governmental institutions or other non-profit institutions. The time perspective adds to the problem, making it even more difficult to control the effectiveness of the development assistance effort in the field of I.D. But it doesn't only pose internal problems for the parties involved, it also poses external problems because constituents of donors and recipients are mostly interested in quickly realizing tangible results.

2.2.4 Institutional development versus sustainability

A common thread through all definitions of effective outcomes of I.D. activities, either implicit or explicit, is the idea of sustainability. Successful I.D. means that something persists over time without continuous outside support and resources (2). It is understandable that due to the linkage between I.D and sustainability, I.D. has recently drawn so much interest among donor organizations. Sustainability implies that an important element of I.D. effectiveness concerns the creation of a dynamic process that will last over time rather than the production of a tangible project output in the short run (7).

Although the content of institutional development and sustainability overlap each other, the two terms are not synonymous. Definitions found in reports of DAC and the World Bank are:

"A development program is sustainable when it is able to deliver for an extended period of time an appropriate level of benefits after major financial, managerial and technical assistance from an external donor is terminated".

"Sustainability refers to the maintenance of an acceptable net flow of benefits throughout the economic life of the project".

Comments

The first mentioned definition on sustainability is broader in scope than the second, and will be used here to compare it with I.D.

The two major differences between the two concepts are:

- The main focus of I.D. is directed at support given to recipient organizations, while the main focus of sustainability is directed at project or programme support.
- The main focus of I.D. is on the way things are being done, while the focus of sustainability is directed both at the way things are done as well as at the content of activities.

2.2.5 Human resource development versus systems approach

Within one of the donor organizations some of the interviewees equated I.D. with human resource development, as it was felt that I.D. can only be realized through capacity building of people. Human resource development has been defined in this context as "the development of individual, group and institutional capacities for self-sustained learning, generation of technology, or implementation of development activities".

Within another donor organization one interviewee very strongly felt that projects and programs should be defined in terms of systems as individuals shift constantly from one organization to another. Capacity building or I.D. would only succeed if a recipient would be analyzed in terms of systems, on macro, meso and micro level together with its inter-linkages and if implementation would be geared to overcome the major bottlenecks in the "system".

Comments

Both definitions and approaches in the field of human resource development and systems approach (can) overlap each other considerably. Nevertheless there exists an important difference in emphasis. In the first case the emphasis is on capacity building of individuals or groups of individuals, in the second one on capacity building of systems. Both approaches might underestimate the complexity of reality. In the case of human resource development one might overlook the tenacity of existing structures and systems. In the case of the systems approach one might overlook the fact that the change process of human behavior has its own dynamics.

2.2.6 Institutional development versus technical assistance

Within some donor organizations a clear distinction is made between short term and long term effects. Institutional development in this context is defined as activities undertaken by donor organizations to develop the indigenous capacity of recipients to perform their functions on a sustainable basis. Technical assistance is not necessarily directed at I.D., as defined above, but it can also be directed at operational support to ensure the efficient implementation of projects. Among many donors there seems to be a growing awareness that operational support to ensure the efficient implementation of projects might have negative impacts on I.D.

Comments

The implications of a possible trade-off between operational project support and I.D. could have far reaching consequences.

2.2.7 Institutional development versus influencing policies of the recipient country

Another definition taken from one of the World Bank publications and very similar to the one quoted above reads: "Strengthening the capacity of institutions to carry out their mission effectively". Strengthening the capacity is not limited to its internal operations of course, but it also encompasses the ability to influence the environment to realize its mission more effectively.

The political situation in the recipient countries has been designated by the donors as one of the most urgent constraints for I.D. Due to a strong urge among many donors to change the political reality in recipient countries, I.D. has in many instances been treated either as a vehicle for political change or it has been partly equated with measures for political change. This is especially true for donors with a strong ideology and much leverage power. Take for example the World Bank with its free standing I.D. project supplementing structural adjustment loans, directed at policy matters within the realm of core-ministries.

Comments

It is undeniable that there is a strong interaction between a country's policies and the effectiveness of its institutions. Unfavorable policies can seriously inhibit I.D. On the other hand, successful I.D. can mitigate the impact of unfavorable policies. But interdependencies exist in many areas of life. Not to confuse matters it is therefore recommended to limit the content of I.D. to organizational and managerial matters; at the same time one has to acknowledge that in many instances I.D. activities and politics can influence each other strongly, certainly at central governmental level.

2.3 RECOMMENDATIONS

- 1) To define I.D. as "strengthening the capacity of partner institutions to carry out their mission more effectively on a sustainable basis."
- 2) To limit the term institutions in the context of I.D. to organizations that are and that are not institutions, and thus excluding institutions that are not organizations, such as law, the political system, and religion.
- 3) To limit the term I.D. to organizational and managerial issues, including organizational networking and the way the environment can be influenced.

Comments

The above recommendations are made for the following reasons:

- To exclude project related capacity building from the definition on I.D., i.e. capacity building which is solely directed at strengthening the recipient and its infra-structure during the project period. That is not to say that such interventions might not also strengthen the capacity of the recipient after project termination. But the problem is that such interventions can also affect the recipient's capacity negatively.
- To focus I.D. on managerial and organizational issues, by excluding institutions that are not organizations.
- To exclude politics per se as well as the technical content of the activities of the recipients from the definition of I.D. That is not to say that e.g. politics and I.D. do not influence each other, because they do. But for analytical purposes it is better to limit the definition of I.D.

3. PROBLEMS IN DEVELOPING COUNTRIES AS PERCEIVED BY THE DONORS

The recent preoccupation of many donor agencies with I.D. is a result of the limited sustainability of many project activities. Post-evaluations have shown that success rates drop significantly if the project results are not measured at the end of the project period, but some years later. The sustainability of development assistance activities appears to be much smaller than previously assumed. Another observation often expressed during the interviews was that, especially in the case of countries South of the Sahara, many projects would need support far into the future if a total collapse of those project activities was to be avoided.

For some donor agencies I.D. has already for a long time been part of their development assistance policy. But most donor agencies have only quite recently become aware of the importance of I.D. for sustainability. The interest of those donors in I.D. is a reaction to the problems in recipient countries as perceived by them.

This report emphasizes the problems which donor agencies encounter in their own environment when trying to implement I.D. for the simple reason that the biggest part of the salient information given by the interviewees was related to constraints on the side of the donors. That is not to say that no problems in the recipient countries exist in relation to I.D.

In this chapter a concise description will be given of the problems encountered by donor agencies in recipient countries while trying to implement I.D. By doing so it is important to realize that the views about those problems presented here are subjective; they are the perceptions of donor agencies which might perceive reality differently from the recipients.

The problems can be grouped under the following headings:

- Lack of know-how and capabilities
- Lack of reliable information
- Lack of commitment
- Lack of financial resources
- Lack of support systems
- Changing conditions

3.1 Lack of know-how and capabilities

An inherent problem of developing countries is their lack of so-called "modern" know-how and capabilities. After all this is the main justification for donor agencies to give development assistance.

As far as I.D. is concerned the following problems have been identified:

- Lack of awareness among the elite in many of the developing countries of the importance of I.D. for sustained socio-economic development.
- Lack of know-how and lack of capabilities among the elite to give proper guidance in the field of I.D.
- Lack of know-how and lack of capabilities among (potential) leaders, entrepreneurs and managers to effectively implement I.D. policies.

- Too little know-how about effective management and organisation development attuned to the specific context and specific cultural patterns in the countries concerned.

Comments

An increase in the awareness among the elite in recipient countries about the importance of I.D. is indeed a prerequisite for effective I.D. Donors and donor supported agencies have an important role to play in increasing the awareness among recipients. But again words are not sufficient. Human beings are very good in perceiving discrepancies between words and deeds. If donors do not act accordingly themselves, i.e. if they do not develop and implement I.D. policies in a genuine way, the message is clear: One should say that I.D. is important, but apparently there exist good reasons to act differently.

Another problem is that the know-how transferred either to or in developing countries has largely been developed in the rich countries. That does not create a problem for subjects such as physics, biology or welding. But it does so in e.g. the case of theories explaining group behavior and in the case of techniques which have been developed to influence group behavior. Group behavior will be partly defined by generic processes which are common to all human beings. But it is also partly defined by the context in which people operate as well as by their culture. Thus Western management theories will be valid if they address questions which are basic to human life. The answers to those questions might differ per nation, tribe or corporation.

An example of the difference between generic questions and culture specific answers for the issue of cooperation is given below:

- Generic questions:

1. To which degree do we structure our form of cooperation ?
2. How do we structure our cooperation ?
3. In what way do we give information required to steer the process of cooperation ?

- Specific answers could be:

1. Either relatively little structuring as in countries such as Denmark, Canada, the Netherlands, Sweden and U.S.A. or relatively much structuring as in countries such as Germany, Guatemala, Japan, and Turkey.
2. Either relatively much emphasis on procedures, rules and regulations as in countries such as Austria, Germany and Israel, or relatively much emphasis on hierarchical order as in the case of India, Indonesia and Malaysia, or a relative emphasis both on procedures, rules and regulations and hierarchical order as in France, Guatemala, Thailand and Yugoslavia.
3. Either directly as in the Netherlands, or indirectly as in Equador, Indonesia and Zambia. (13)

Too little is yet known about factors influencing the degree of efficiency and effectiveness of local organizations in developing countries. Much more research should be commissioned to increase the body of know-how in this field.

3.2 Lack of reliable information

Another source for many of the problems encountered by donor agencies is the lack of information available in the recipient country and the unreliability of much of the available data. Negative effects on I.D. efforts will be especially noteworthy in the field of identification, feasibility studies, planning and assessment. Without relevant data many of the I.D. efforts will be unfocussed, the more so the when a blueprint approach is emphasized.

Comments

As a reaction many governmental donor agencies tend to direct efforts at the following, either in combination or separately:

- Strengthening central statistical offices and related agencies in recipient countries.
- Strengthening documentation on recipient countries in the respective donor countries.
- Emphasizing information gathering and planning by experts, consultants and project officers on the request of the donor.

The first activity is a proper response.

The second could be counterproductive in all those instances where Westerners appear to have more information than their counterparts about the situation in which the recipients find themselves. Nothing is more humiliating than foreigners who think they know better what is happening to you than yourself.

The third activity should preferably be executed by the recipients. If unfeasible, then at least in cooperation with the recipients. One of the dangers is that lack of reliable information does not induce donors and recipients to adopt a more flexible system, but rather to try to contain uncertainty by emphasizing planning to such a degree that the only thing that is certain is the sequence of project activities irrespective of the findings of an ongoing information gathering process and irrespective of changes taking place in the environment of the project.

3.3 Lack of commitment

One of the most persistent problems, according to donors, is the lack of commitment by the recipients. A lack of commitment will negatively influence the results of development assistance activities. A lack of commitment can be found at a political level in the capital of the recipient country, at the level of the bureaucracies involved, at the level of local authorities and interest groups, at the level of counterparts in the project, at the level of forward and backward linkages of the project and at the level of the beneficiaries.

Perceived reasons for lack of commitment are:

- Lack of understanding among some or all of the stakeholders of the benefits which might result from the development assistance activities.
- Irrational behavior.
- Conflicting interests.
- Lack of interest among the elite and politicians to support the development of their country.
- Lack of interest among the elite and politicians to support the poor.

Factors which seem to contribute to the above reasons for lack of commitment are:

- Limited legitimation of those in power.
- Patronage systems.
- Limited time perspective.
- Limited ability of the (rural) poor to defend their cause.
- Poverty resulting in a struggle for survival.
- Abject poverty resulting in deficiencies.

The lower the specificity of a development assistance activity the more detrimental the effect of lack of commitment will be. (See paragraph 4.9.2.) I.D. activities are low on specificity.

Comments

Lack of commitment on the side of recipients is certainly one of the causes for sub-optimal results. Donors should however be prudent not to scapegoate recipients. Lack of commitment might be partly induced by donor agencies who too often try to impose their own procedures, methodology and objectives on the recipients.

Another problem is that the value patterns in most developing countries prescribe acquiescent behavior, certainly so vis-a-vis one's benefactor. Despite an increase in the awareness about cultural differences, Westerners are still too often taken by surprise if verbal consent or passive compliance appear to have had no other meaning than "yes, we have taken note of your ideas".

3.4 Lack of financial resources

Especially in the poorest countries, lack of financial resources induces authorities of recipient countries to reassess their priorities. Moreover only fairly recently authorities of recipient countries have come to realize that new projects are not only to be seen as assets. Many projects have been funded by donors with the understanding that the recipient government would cover the recurrent costs and that the total financial responsibility would be taken over at a given moment in time. Especially in many countries South of the Sahara, donor agencies are being confronted with a growing inability among recipients to share the bill; let alone to safeguard the continuity of project activities once a donor agency has withdrawn. Thus in all those cases where continuity of project activities is not guaranteed, destruction of capital assets might be the consequence of too much generosity in the beginning and too little generosity in the end.

Comments

Seen from the perspective of I.D., investment and spending patterns within projects which are meant to continue after the withdrawal of the donor, should never exceed the spending patterns of recipient countries. The only exception could be if there are very good reasons to create an artificial island, e.g. to contain very capable people, if the recipient authorities are willing and able to pay the bill, and if a cost-benefit analysis in which the social consequences have been taken into consideration shows a positive net result.

The requirement to attune project activities right from the beginning to the financial capacity of the recipient country becomes more acute, the more pressing the financial situation of a recipient country is.

3.5 Lack of support systems

One of the obvious problems often recorded by Western experts who are working in the field is the lack of support systems. Those support systems can be divided into the following categories:

- Physical support systems such as the transport and distribution system, of the water supply, and electricity.
- Market support systems such as pricing mechanisms and credit schemes.
- Administrative support systems such as accounting procedures and administrative control.
- Educational support systems.

One or more deficiencies in the support systems can endanger the continuity of project activities.

Comments

The more that project activities are dependent on support systems, the more deficiencies in support systems occur, and the less authorities are prepared to safeguard the support system vis-a-vis the project activities, and the more the continuity of those project activities will be endangered.

In such a situation donor agencies might react by trying to strengthen the most crucial elements of the support system. Normally such rehabilitation programmes are of no avail for the project activities concerned, because of the time involved. Another reaction therefore is often to create a temporary support system within the project. It is questionable from an I.D. perspective whether the creation of such an artificial island is the proper response.

3.6 Changing conditions

Another problem seen as one of the sources for the failure of I.D. activities is the incidence of changing conditions which were not foreseen by donor agencies and their assignees. As a consequence real commitments might disappear, either by the disappearance of a key person or by shifting loyalties. Financial resources might be suddenly insufficient and support systems might disappear or deteriorate rapidly.

Comments

Since the publication of "Managing in Turbulent Times", written by Peter Drucker, most managers in Western countries, working outside the precincts of governmental security, are aware of the vagaries of life. But also in governmental institutions people are aware that the price of "modernism" is change.

In contrast developing countries are often perceived as stagnant societies devoid of the amenities of "Western" technology. And indeed the poorest countries have not yet been propelled from take-off into self-sustained growth. But that does not imply that life is stagnant. As a matter of fact most developing countries are more vulnerable to adverse weather conditions possibly affecting harvests; and consequently GNP more so than rich countries. The same is true for the effects of world wide recessions and innovations which divert input of raw materials. Therefore national incomes, balances of trade, and governmental budgets of developing countries fluctuate much more than in the rich countries. Thus one should not be surprised to be confronted with ever-changing conditions in developing countries.

4. APPROACHES TO INSTITUTIONAL DEVELOPMENT

4.1 Degree of leverage power, or the propensity for change

Most interviewees assumed either explicitly or implicitly that a donor has enough leverage power to induce recipients to accept the donor's proposals and to act accordingly. This leverage power could stem from either sound arguments, example setting, the transfer of money, goods, services and know-how, or the threat to stop the transfer of all those scarce commodities. If projects fail, too often the recipients are blamed. Blame is put on their disinterest, on corruption, on the lack of available resources in the recipient country, etc. That is of course an easy way out. If everything within the environment of the project would have run smoothly one could doubt whether any assistance was needed at all. A developing country is called a developing country because, certainly according to Western standards, the system does not operate properly.

Few interviewees had changed their assumption that donors have in reality much leverage power, and those that had, often reacted rather cynically. But the assumption that a donor has much leverage power is questionable. There is no need to become cynical, but there is a need to become more realistic. If interviewees were questioned on the possibilities for change within their own donor organization to strengthen the support for I.D. several were quite doubtful about the potential and propensity for change. Many could easily give reasons why change would be difficult to realize, e.g. the pressure to spend, the impossibility to increase staffing, the pressure from vested interest groups in the donor country to spend the money to their advantage, and the need to show tangible results to the constituency of the donor. But if that is true, then the question arises, why should it be easier for foreigners to change systems in recipient countries than in their own country.

Comments

The more donors are prepared to openly discuss the difficulties encountered to realize sustainability thereby assessing their own role and functions with constructive criticism, the more they are prepared to defend long term commitments vis-a-vis their constituencies; and the more modest they are, the more they will be able to assess their leverage power in a realistic way.

4.2 Technical assistance and leverage power

A related issue is the leverage power many Western experts are exerting in order to induce the counterpart system to function according to their specifications. Many experts are implicitly made to believe that they exert leverage power, despite their often heard complaints that everything goes wrong. And indeed on a superficial level they have leverage power due to several reasons:

- The strong task-orientation of Westerners and the strong work ethos among many. This is strengthened because experts are assessed by the donor or consultancy firm on the basis of tangible results realized during their stay, because politicians in the recipient country are often also interested in short-term successes and because counterparts often induce the experts to take over their responsibility if not their work. Thus just the sheer amount of work being done can act as leverage.
- Project resources which can be used as means of sanction, in order to promote the acceptance of the points of view of the donor, at least nominally.
- Project resources which can be used to adapt the physical working environment as far as possible to the expert's own functioning requirements.
- Project resources, including status, to have the counterparts adapt themselves to the preferred working practices of the expert(s).
- Power and status to shield the project from interventions detrimental to the project activities.

However, it is not likely that the social fabric of a nation will easily change under the influence of a temporary system (project), partially being controlled by foreigners. The experts exerting their leverage power will be either confronted with outright resistance and/or by compliance behavior. Compliance behavior is often interpreted by experts, evaluators and donors alike as real adjustments. And therefore donors are still too often taken by surprise if projects will only survive on a satisfactory level with outside assistance.

Among many donors there is a growing awareness of this problem. Long-term expatriation is becoming less popular, while some interviewees clearly preferred short-term recurrent consultancy. CIDA and SIDA are stimulating twinning arrangements again with the emphasis on short-term recurrent consultancy. And at least two donors which were visited, HIVOS and the Aga Khan Foundation, as often as possible involve consultants from the region itself.

The degree of compliance of counterparts can vary. The most superficial level of compliance is saying "yes", but doing "no". A deeper level of compliance is saying yes, more or less behaving accordingly, but thinking no. The deepest level of compliance is saying yes, doing yes, and thinking yes only during the time the experts are around. While the most superficial level of compliance behavior is often frustrating for experts, the deepest level of compliance is not well understood. Take for example a study undertaken by the University of Saarland on the request of the German authorities to assess the intercultural communication problems between German experts and their African counterparts in five African countries. The researchers found at the same time that "as a generalization the values of African counterparts differ considerably from those of German experts", and that "the African counterparts see themselves quite differently from their counterparts while they attribute to themselves German values, and to such a degree that they ascribe those values more so to themselves than to the German experts. This is true both for characteristics which apply to the social as well as to the work environment". It might be clear that these findings, as presented by the researchers were contradictory, something the research-workers did not point out. (8)

On the basis of the wealth of information presented in the above-quoted study it is also possible to come to different conclusions, i.e. the values between the German experts and the African counterparts differ considerably, while at the same time the African counterparts are trying to adopt German work practices. The incentives for doing so are apparently sufficiently high; incentives in the form of higher salaries, fringe benefits and status. Or to say it differently, despite differences in national culture, the African counterparts adapt themselves to the organization culture which is at least partly being created by the German experts. Once the German experts have left, it will be very difficult to maintain the organizational culture which has been partly based on characteristics of the national German culture.

Comments

The latest development among donors which is laudable is that they are becoming aware of the pitfalls of expatriating experts for the long term. It is however questionable whether governmental donors are able to do the same as the above quoted NGO's, which are involving as much as possible consultants from the region itself. Some of the constituents of governmental donors are consultancy firms, universities, companies and other groups directly or indirectly benefitting from the expatriation of experts. Therefore, the least to be done is increase the awareness about these kinds of problems among all parties concerned, including the recipients.

4.3 Irrational versus rational approach

An implicit assumption of many persons working on behalf of donors is that the recipients are behaving irrationally and that if enough rationality, i.e. know-how, is transferred from rational to irrational persons the latter ones will automatically become more rational. A view held in the World Bank, and strongly related to the above, is that one of the problems of developing countries, i.e. too much centralized decision power, can be solved by institutional streamlining and administrative reorganization. But as is stated in one of the World Bank publications "individuals at all levels in an organization are for the most part behaving rationally from their own standpoint. One should realize that the apparent unplanned, haphazard outcomes of much bureaucratic activity in fact suit important political interest groups, and are hence not as random as they seem. "Rationalist" solutions will therefore fail if they do not take into account political processes with their own rationality and the incentive systems these imply. If a rationalist solution given by a donor does not appeal to a dominant political coalition in a recipient country, it can be dealt with in at least three ways. It can be simply rejected; it can be adopted but defused by substituting symbolic action for substantive results; or it can be adopted but turned to serve the informal goals of the coalition itself." (3)

Comments

One of the problems encountered by many developing countries is a lack of know-how. This however should not be confused with a lack of rationality. And as a matter of fact the brain-drain from many developing countries suggests that a lack of know-how is not the overriding constraint. The proper assumption is, that the recipients contain large reserves of intelligence and action if properly stimulated: but that this stimulus is often missing, and/or these reserves are often concentrated in pursuit of unofficial goals which may not match those of funding agencies.

4.4 Normative versus pragmatic approach

Many donor officials and experts assess the actual situation in developing countries according to their own values and norms. In that case governmental institutions in developing countries can more often than not be perceived as mere instruments of the elite for systematic misappropriation of resources, thus contributing to further polarization in society. This normative view induces some donors and many project managers to either try to circumvent public sector institutions or to try to introduce a development focus into recipient's institutions. Donor officials with a pragmatic view accept that institutions are expressions of the culture of the recipient country, including e.g. all-embracing patron/client relations often difficult to appreciate by Westerners, especially if the latter are strongly motivated to help the poor. The pragmatist accepts that "the cultural environment more often changes administrative procedures and institutions in developing nations than the administrative reforms change environmental parameters". (9)

Comments

Institutions have been defined as complexes of norms and behavior that persist over time by serving collectively valued purposes. This implies that the pragmatic view might be the best approach to development assistance, as it will be doubtful whether organizations, which have been established by donors, can survive if they do not fit collectively valued purposes. This doesn't imply however that a donor organization should denounce its values. Donors profess that they give assistance to help the poor. They therefore don't have to accept the fact that their money may end up in the hands of the wealthy. It is not a question of either/or, but of combining both approaches in a functional way.

4.5 Blueprint versus process approach

The dominant approach in development assistance is the blueprint approach. It consists of a set of prescribed steps ideally beginning with problem specification and concluding with post-project evaluation. The major emphasis falls upon project design and preparation prior to implementation. The resulting plan constitutes a blueprint for the implementation of the designed-in-advance solution to the identified problem. (10)

The task of management, according to this approach, concentrates upon faithfully following the blueprint so as to reach the planned targets and achieve the objectives using the resources allocated within the prescribed time frame. Blueprint project management is strongly oriented towards structure and control, and not overly concerned with the human side of management. The blueprint approach suits "hard investments - in infrastructure and machinery - as these investments can be designed in

great detail because actual implementation is likely to be quite close to what was planned" (11).

The efforts to impose the blueprint approach on projects has in many cases led to negative consequences due to a lack of built-in flexibility during the implementation phase, which often makes it very difficult to adjust to changes in the environment. In projects where success is to a large degree dependent on the human factor, like in the field of rural development, social service delivery and I.D., the blueprint approach may not be appropriate, due to the following constraints:

- It has proven difficult to specify in advance detailed goals and targets due to lack of enough reliable data.
- Objectives set by planners are often not shared by implementers and beneficiaries.
- A focus on technical rationality despite the fact that technical criteria are frequently least among the priorities of developing country bureaucrats and politicians.
- Relatively simplistic assumptions about human behavior and an under-appreciation of socio-cultural factors.

Though the approach is espoused as value-neutral, it in fact supports bureaucratic and technocratic norms that favor expert-led solutions and top-down interventions. It is therefore not surprising that the blueprint approach is still so popular. Moreover it fits well with the financial accountability needs of donors, and the process approach as developed in the West is not necessarily better.

In response to the demonstrated weaknesses of the blueprint approach to project management, an alternative has been developed known as the process approach. There are several variants, but all share a number of key features: flexibility and incremental adaptation, continuous information gathering at the micro-level, experimentation and iterative learning. In the process approach the uncertainty and complexity of sustained socio-economic development is recognized and accepted. The task of management in the process approach focuses upon guiding organizations and groups involved along a path of learning by doing as a means of iterative adaptation to a dynamic and evolving environment. Process managers are people oriented. Process management requires strategic thinking and entrepreneurship.

Although the process approach fits I.D. nominally much more than the blueprint approach, in reality this approach runs up against constraints, as does the blueprint approach, viz:

- Donors and experts are not really held responsible for their interventions, so that there are no incentives for them to act in an entrepreneurial way. Lack of entrepreneurship in a working situation with a high degree of discretion might lead to the following: unprecise short-term objectives and targets, lack of control, hobbyism, too much emphasis on flexibility and testing of alternative solutions, lack of or decrease in unity of purpose and diminishing motivation.
- The assumptions underlying the process approach as well as the methods developed are especially based on American values. It should not be taken for granted that the process approach fits per definition other value patterns.

- The process approach conflicts with much of actual development practice. Donor and recipient country government agencies' procedures generally offer only limited support for people-centered, bottom-up approaches, though their espoused goals may state otherwise. The lack of fit between the precepts of the process model and the current modalities by which the vast bulk of international development assistance is provided has restricted its use and potential for expansion. Here too outsiders have to realize that realities cannot be easily changed.

Comments

One of the ways donors try to cope with the vagaries of life is to develop a checklist to be used for the design and evaluation of projects not only, it seems, to contain the foreseeable but also to contain the unforeseeable. That is not to say that checklists do not have a useful function. But the more turbulence in the project environment and the more the success of a project is dependent on interaction of people the less foreseeable the project activities will be.

In order to avoid self-defeating exercises like containing the unforeseeable, there is a tendency among some donors to increase the period of commitment combined with sequential planning.

4.6 Non-participatory versus participatory approach

Many development assistance activities are supply-oriented in the sense that the final beneficiaries were not involved in the first place, and too often the same is true for management and personnel working in organizations through which the assistance will be channeled; so-called intermediate organizations. Supply-orientation implies that the donor is using a non-participatory approach, though their espoused goals may state otherwise. In projects where success is to a large degree dependent on the human factor, like in the field of rural development, social service delivery and I.D., might not suit a non-participatory approach due to the following constraints:

- Supply-orientation runs the risk that both the goods and/or services offered, the timing and location, as well as the way in which they are made available might not fit the demand.
- Even if there would be an optimal fit between supply and demand, a possibility that should not be excluded, another constraint often mentioned by the interviewees is a lack of ownership. Feelings of lack of ownership among beneficiaries and among management and personnel working in intermediate organizations will often result in lack of commitment. And without commitment on the side of the recipients it is impossible to realize sustainability.

Although the participatory approach fits I.D. nominally much more than the non-participatory approach, in reality this approach runs up against constraints, as with the participatory approach, viz:

- The assumptions underlying the participatory approach as well as the methods developed are especially based on values and norms within the home culture of the experts. It should not be taken for granted that the participatory approach as defined by its proponents in a donor country fits per definition other value patterns.

- The participatory approach conflicts with much of actual development practice. Donor and recipient country government agencies' procedures generally offer only limited support for people-centered, bottom-up approaches, though their espoused goals may state otherwise. The lack of fit between the precepts of the process model and the current modalities by which the vast bulk of international development assistance is provided has restricted its use and potential for expansion. Here again outsiders have to realize that realities cannot be easily changed.

Comments

In the case of sequential planning, a participatory approach can be used more readily without significantly upsetting the bureaucratic procedures of donor organizations. A participatory approach will however only bear fruit in the long run if this approach will be embedded in the culture of the recipients. Western experts should realize that participation and e.g. patron/client relations are not necessarily exclusive. The content and modalities of participation can differ significantly among different cultures.

4.7 Mechanistic versus organic approach

Another distinction which can be made, closely related to some of the above distinctions, is the way donors approach their mission, viz. either from a mechanistic or organic point of view. This distinction is closely related to the distinction, which the World Bank makes between hard and soft technical assistance (T.A.). Hard T.A. is science, e.g. physical constructions like bridges and factories, crop rotation schemes and water supply facilities.

Soft T.A. comprises social service delivery and I.D. Within I.D. one can also make a distinction between hard and soft, or better between a mechanistic and an organic approach. Mechanistic approaches tend to emphasize the tangible aspects of I.D. like organizational structure or techniques which rely heavily on mathematics and economics, like management science and business administration. In this approach change is often seen as a linear process. An organic approach doesn't exclude structure or business administration but also pays attention to the interactive process between persons, the informal system etc. Ultimately it is people's behavior which determines whether an organization will be responsive to the external environment. Moreover in this approach it is acknowledged that change mostly is not a linear process, but often erratic, always complex and therefore very difficult to control.

Comments

One should not equate the blueprint approach with the technocratic approach nor the process approach with the organic approach. Many process consultants are not aware of the complexity of the change process and they often forget that in order to be successful in another cultural context one first has to win confidence not by acting as a process consultant but as an expert knowledgeable in a specific field other than "change processes".

If one reads about "change masters", a term used by Rosabeth Moss Kanter, it is striking how little we know about the change process within our own culture (12). This, among other reasons, induces many who are working in the field of physical sciences to describe social science as "not yet" science. That is probably naïve; the object of the social sciences is different in kind, not in degree. There is no thing as objectivity in the study of social reality: We will always be subjective, but we may at least try to be "intersubjective", pooling and integrating a variety of subjective points of view of different observers (13). And in the case of development assistance the most important observers are the different parties in the recipient countries. They might with more reason than our interviewees within donor agencies point out that change is very difficult to realize, as long as the context in which they operate remains the same.

The distinction hard and soft T.A. is confusing. A study undertaken by A. Israel of 222 World Bank projects clearly shows that hard T.A. projects are more successful in the field of I.D. than soft T.A. projects. In other words hard is soft and soft is hard seen from an I.D. perspective. (11) Proponents of a mechanistic approach might disagree with the above conclusion. They might counter that if only the proper quantitative ex-ante analyses were made, also soft T.A. projects would be concluded successfully. However, the more people-oriented a project is and the lower the technological content, the less a project can be strictly planned and controlled. Therefore a mechanistic approach used for soft T.A. projects often results in a tendency to control the change process by increasing the autonomy of the project, which in the end is a self-defeating process, because the more autonomous the project will be, the more artificial it will be and therefore the more difficult it will be to integrate it later into the system of the recipient country.

In an organic approach the system of the recipient is seen as the basis from which a change process has to be started. The complexity of the change process is understood and appreciated.

4.8 The intercultural context

Nobody can deny that development assistance takes place within an intercultural context. People from one culture try to help people within another culture to do things better. Some donors recently proclaimed culture as one of the important issues with which development assistance must concern itself. In most cases, however, the operationalization of culture remains limited to issues like strengthening indigenous identity, preserving relics of the past or stimulating art. It didn't comprise the intercultural context within which development assistance is taking place.

4.8.1 Perception of relevance of cultural differences

Interviewees differed in their opinion about the importance of cultural differences and the need to take those differences into account. Most interviewees felt, however, that up till now, cultural differences were not sufficiently taken into account. Here are their comments:

- Raising awareness, through training programmes, is mostly limited to experts being sent abroad by the donor concerned.
- The training programmes are mostly limited to awareness and don't include issues like effective negotiation, motivation, management and leadership in another culture.
- Project officers within the donor and outside consultants are not requested to participate in this type of training programmes.
- It is wrongly assumed that the best preparation for expert interventions is previous work experience in a developing country, as this is not a sufficient condition for successful interventions.
- The operations of donor agencies are not assessed on the basis of the implications of working in an intercultural context.

Comments

The more the effectiveness of an activity is dependent on the interaction of people, the more important culture becomes. The more the interaction takes place in an intercultural context, the more cultural differences matter. The latter is especially true for I.D. instigated and/or supported by donors and Western experts. In other words, I.D. activities on the whole will only be effective if cultural differences are taken into consideration.

One of the reasons which might complicate the issue of I.D. is that it is related more than any other development issue to the interaction among people. The outcome of the interaction among people will be defined by the culture of the people involved, by their personalities, their objectives and by the context in which they operate. It is therefore a very elusive process of which the results are difficult to predict. Culture is one of the dimensions which will influence the outcome of a process of interaction. Therefore the cultural dimension influences not only I.D. activities in the recipient country, but also the I.D. activities in the donor country and certainly the interaction between donor and recipient, whether in the field of I.D. or in other fields. Even the assumptions people have about what I.D. is all about, are partly defined by culture.

An example of the last statement:

In the US-Aid policy paper on I.D. one can read the following: "Rather the clearest lesson is that nearly any type of initiative will be well suited to some situations and will fail in others....." (1)

The American culture is characterized by a strong belief that everything can be realized if only enough money, time and energy is invested. This cultural trait is reflected in a pervasive self-image of practical people who are focused on the bottom-line. If in such a culture things appear to be out of control there is a tendency to blame oneself for the fact that objectives were not reached. It is difficult in such a culture to accept that real-life interaction in other countries cannot be controlled, certainly not at arm's length. Reality appears to be confusing as it does not conform to the prevalent belief system. The same problem, although perhaps less pronounced, exists in a country such as the Netherlands. One might have to perceive I.D. from a totally different belief system such as Taoism to appreciate its complexity.

4.8.2 Specificity

A. Israel in his book "Institutional Development" postulates two factors, specificity and competition, which according to the author seem to provide a coherent explanation of institutional performance.

Specificity has been defined in terms of two groups of elements: 1) the extent to which it is possible to specify for a particular activity the objectives to be attained, the methods of achieving those objectives, and the ways of controlling achievements and rewarding staff; and 2) the effects of the activity - their intensity, how long it takes for them to become apparent, the number of people and other activities affected, and the practical possibilities of tracing the effects.

Competition has been defined more broadly than the traditional economic concept. It also includes competition surrogates derived by external pressures from clients, the political establishment and others and by internal competition. Moreover competition works by threatening an organization's survival.

Specificity as an analytical instrument is a worthwhile contribution to the state of the art. Among other things it will enable us to put culture in a better perspective, as will be shown hereafter. That cannot yet be said for competition. Competition is a more hybrid concept. An increase in competition may lead to an increase in specificity. At the same time competition is directly linked to motivational issues, which are, at least partly, culture specific.

The author states that the higher the degree of specificity, the more intense, immediate, identifiable, and focused will be the effects of an activity, therefore the higher the automatic inducements to do the proper things in a proper way. Activities of a high specificity need less strong management signals to achieve higher levels of performance than low-specificity activities. Or to say it differently, activities with a high specificity are on average easier to manage than activities with a low specificity, because of the built-in automatic inducements. The higher the technological content and the less people oriented an activity is, and the more an activity is confronted with competition, the higher the specificity of that activity is.

Even the most precise activities allow some leeway for interpreting the pace, timing, and other aspects of the job performed. The leeway increases if the objectives, methods and control mechanisms are less precise and the impact weak, delayed, and diffuse. Seen from the perspective of specificity, the amount of leeway for defining tasks is the opening through which cultural factors influence the operations of an institution. In a high-specificity activity, the scope for cultural influences is smaller. The jet engine has to be maintained in almost exactly the same way whether the society is socialist or capitalist, Muslim or Christian. Low-specificity activities such as counselling will be heavily influenced by the culture of the society, by the way in which individuals relate to each other, by the standard methods of persuasion and the effective transfer of know-how, and by whether it is legitimate to give advice at all. What is true for cultural factors is as valid for political factors and different individual characteristics. (11)

Another factor which diminishes the influence of national cultural differences is professionalism. People are especially formed by the culture of their original in-group but also by their occupation, although to a lesser degree. The higher the level of professionalism, the higher on average the length of study and therefore the stronger the influence of the occupational culture will be, thus facilitating communication among professionals from different cultures. In recipient countries professionalism of most people working in low-technology people-oriented activities is low. Communication with professionals from Western countries will therefore be more difficult in low-specificity activities than in high-specificity activities.

4.8.3 Socio-economic and cultural differences between donors and recipients

Some of the interviewees rightly pointed out that the cultural dimension is a dangerous one. On the one hand talking in terms of cultural differences might induce people to stereotype other persons. On the other hand people in developing countries often infer from the discussion about cultural differences that we think that they are inferior or less modern. These assumptions are not totally unjustified. Take for example the belief among many donors that people in developing countries act irrationally, or the normative statement that people are corrupt due to their culture, or the statement often heard that economic development can only be realized if "they" adapt to Western values.

It is noteworthy that although many of the interviewees felt that I.D. can only be implemented effectively if cultural differences are taken into consideration, few examples were given. The same is true for the literature on I.D. The difference most often mentioned is the patron-client relationship.

Comments

It is increasingly understood that American management techniques are not necessarily applicable in their own country let alone in other countries. Thus management by objectives, despite the lip-service being paid to it in the Netherlands, is seldomly applied as it doesn't fit the Dutch culture. Management by exception is another technique developed in the U.S.A. and this technique suits the German culture better than the American culture. The latest fashion "management by intuition" fits the Swedish culture much better than the American culture. On the other hand strategic planning is more in line with the American culture than the French culture. The same is true for Japanese management techniques. Some of the Japanese interviewees stressed the fact that Japanese management techniques cannot without modifications be applied successfully by other nations.

Most donors don't pay much attention to the consequences of cultural differences for effective management and I.D. activities. Exceptions are GIZ and US-AID. It is not surprising that so little attention has been paid to those consequences, because:

- many governmental donors have neglected management issues, while emphasizing science and economics.
- the interdisciplinary approach to intercultural management is new.

- the subject is threatening as it implies that experts in the field of management and organizational theory are less knowledgeable in other contexts than in their own country.
- Almost no non-normative research has been undertaken to define management criteria for success or failure within the socio-economic and cultural context of the different developing countries.

A reason that almost no research in this field has been commissioned might be that policy makers within donor organizations are often made to believe that a culture in a developing country is a constraint to economic development. For that purpose reference is made to countries South of the Sahara. Many of the examples given refer to the collectivistic value pattern in those countries. In the case of the NIC countries and Japan, collectivism is however seen as a competitive advantage. This is because in those countries collectivism normally creates more loyalty between employers and employees than in Western countries. Therefore it is not the collectivistic value pattern which explains part of the economic and social problems in countries South of the Sahara, but the combination of a collectivistic value pattern and tribal affiliation; affiliation patterns which have not yet been diluted by nation building efforts. In such situations loyalty is normally confined to the members of the in-group while suspecting everybody who belongs to other groups. It is the combination of culture and context which is posing great problems to the African sub-continent. Another reason why this type of research, fact-finding or inquiries might be difficult to realize is that in order to be successful the following conditions should be met:

- It should be undertaken in developing countries by people from those countries
- The type of research is very sensitive and therefore it might be necessary to approach the authorities for their approval
- The target organizations should be willing to cooperate

4.9 Structural reform and management training approach versus incentives approach

Two major approaches to management improvement as a tool for I.D. have been through structural reform of organizations and through management training. However, structural reform is often short-circuited by the workings of the informal management system, and then results in no more than symbolic action. Management training is often not adapted to the environment of third world bureaucracies and to the cultural patterns prevalent. An incentives approach, analysing interest groups and incentives, is more fundamental, in that the patterns of motives and incentives ultimately determine which interventions will be successful.

Comments

The management consultant or expatriate who is supposed to increase the effectiveness of the recipient organization has a difficult task to fulfill. Organizational processes are partly culture specific, and the same is true for effective interventions in client systems. Therefore the expertise of western experts diminishes the more culture specific the organizational issues are and the bigger the cultural differences between experts and recipients. No wonder that many experts are focussing their interventions at the visible elements of a recipient organization like organograms, budgetary procedures and span of control, elements they know about and which seem easy to adjust. The same is true for management training. It is easy to transfer Western management techniques, certainly so because in many developing countries it is the cultural pattern not to question the "one who knows". And as a matter of fact organograms, the span of control and other dictums of "Western" management will often be relevant, either in the same form as used in e.g. the U.S.A. or in a form better adjusted to the context and culture of the recipient.

Change, however, will not materialize because of a supply of structures, procedures or techniques which have proved their validity in another culture and another context, but because of the perceived increase in benefits accruing to the recipients as a result of the proposed change. Proper incentives have priority. Once the proper incentives have been created an appropriate structure and a transfer of appropriate management know-how will enforce whatever change process was envisaged.

4.10 An example of the use of the incentive approach: An analysis of a donor

As an example we will use the incentive approach to show the similarities between governmental donors and governmental recipients by examining a governmental donor in some detail. This donor, made-up of characteristics of different donors which have been visited, can be described as follows:

- It is a semi-autonomous section of the ministry of Foreign Affairs of a Western country, headed by the minister of Foreign Affairs.
- Top management of the donor is exclusively recruited from among civil servants from the foreign affairs section, who don't stay in the same function longer than three years.
- During the last ten years the total budget for development assistance has tripled while the number of employees has decreased by 10%.
- In the past many of the experts sent abroad were temporarily employed by the donor; but due to a change in policies taking place in many Western countries, more and more work is being delegated to outside consultants.
- The average level of education of personnel is very high. There exists a great variety in educational background, although management and organization science as an educational background is non-existent.
- The rate of turnover of project officers, who are the first within the organization to be held responsible for monitoring the project cycle, for project approval, signaling problems and ratifying changes, is very high. A project officer does not stay in his function for on average more than two years.
- Many of the professional staff know each other very well, because they worked together either in embassies on secondment, or in projects.

- The following constituencies and interest groups of the governmental donor can be defined: the general public, parliament, government, core and line ministries, NGO's receiving money from the government, pressure groups with special interests in specific groups in certain countries, farmers and their representatives, industry and their representatives, and consultancy firms.
- A majority within the donor country favors development assistance, but there exists a strong minority that believes that at least part of the development assistance money could have been better spent to solve problems within its own country, putting pressure on the donor to show tangible successes.

The organization culture, or "the way they do things over there", can be described as follows:

- The organization forms part of the central bureaucracy. Central bureaucracies are good in activities which are highly standardized. And this often creates a problem when the organization is confronted with non-standardized work. Being a central bureaucracy the logical reaction is a continuous attempt to standardize through fixed procedures, check-lists, etc.; work that in principle requires a flexible response.
- The organization can also be characterized as a professional bureaucracy; that is an organization in which relatively many employees have a high educational level, who strive for a high degree of autonomy so that they can execute their work according to their own professional standards. A high degree of autonomy can be realized if leadership is weak and/or if the project officers have much power of discretion while at the same time objectives have been vaguely defined and/or if the informal networks are strong, all of which applies to our donor.
- The donor is a combination of a central bureaucracy and a professional bureaucracy. Prevalent elements derived from the central bureaucracy are:
 - Strong influence from political interest groups via the minister
 - Strict hierarchical procedures, especially in issues which are politically sensitive
 - Strong formal need to standardize procedures
 Prevalent elements derived from the professional bureaucracy are:
 - Strong drive for autonomy through ad-hoc membership of shifting coalitions and factions. This is enforced because due to a hiring freeze the struggle for a promotion is extremely tough. Moreover there is a drive among project officers for rules and regulations which bind management while leaving enough autonomy for themselves.
- Leadership is weak due to the following:
 - Top management is recruited among top-diplomats of the foreign affairs branch, implying that they are not specialists in the field of development assistance, which affects how subordinates view their authority.
 - A good diplomat is not necessarily a strong leader. The organization culture of the foreign affairs branch can be characterized as one in which strong negative sanctions are exerted towards people who are too outspoken, who keep a high profile or who try to be too clever.

- The minister often intervenes to accommodate political pressure and interest groups. This might be true for other ministers as well, but the problem in the case of development assistance is that the espoused beneficiaries have no power at all to influence the decisions of the minister. Thus the real beneficiaries have been replaced by a multitude of other beneficiaries in the donor country itself, defeating per definition strong leadership.
- Vagueness is high, irrespective of what is being said, because this is in the interest of all parties within the donor country. It increases the autonomy of the project officers, and it allows and encourages the pursuit of informal political goals by the minister and the management of the governmental donor. Moreover it enables the project officers to spend their money without too many complications. It is understandable that in such a situation it will be very difficult to install strong internal control mechanisms. The total system will try to neutralize the control mechanisms by scapegoating the persons executing the control function.
- There exists a wide gap between the formal and the informal:
 - As one respondent clearly pointed out, "In the beginning of the year we are supposed to appraise and to approve projects according to strict criteria and rules, but the more we are approaching the end of the year the more we are supposed to forget about all those criteria and rules due to the pressure to spend our money. It makes most of us rather cynical."
 - The informal networks are very strong due to friendships built up in the field. As long as no politically inspired pressures are exerted from the top, informal friendships and clashes often give a better explanation of what is happening than the formal system.
 - As indicated already above there are many more differences due to a gap between what is being said and what is being done.

It is very difficult for outsiders to assess the scope of the discrepancies within governmental donors as the majority of the civil servants have no interest in revealing them.

Let us now assume that top-management says they want to introduce I.D. The first question then is whether the motivation of top-management to do so is extrinsic or intrinsic. If their motivation is extrinsic, i.e. based on what is fashionable in order to give an impression of commitment to the cause of increasing the effectiveness of development aid, then most action will be symbolic anyway. If their motivation is intrinsic, i.e. based on an understanding of the importance of I.D. to realize sustainability, then the question becomes how to introduce I.D. It might be clear that based on the above description of the organization, I.D. cannot be introduced effectively without changing the incentive system. And an appropriate incentive system can only be successfully implemented if no priority is any longer being paid to conflicting demands, such as the need to spend the allocated funds. Without the appropriate incentives most project officers will not readily implement I.D. because they might be punished if they do so instead of being praised or promoted. The introduction of I.D. complicates matters, it is time consuming and it endangers the implicit vagueness within the system.

By lack of appropriate incentives only the naive and the believers will try to do so. To quote many of the interviewees within the World Bank: "I.D. is nominally a big issue, but only few project officers are trying to take I.D. issues really into consideration, because the most important criterium still is the number of project proposals and the amount of money involved which you are able to defend to the board".

Going back to our donor, it is important to adapt the incentive system so that project officers have a reason to adopt I.D. But that of course is more easy to be said than done, because top-management is still being confronted with political demands, spending pressure and the existing organization culture.

It might be clear that the above description is less different from a bureaucracy in a recipient country than many would like to believe. Of course there are differences, but those differences should not be explained from a normative point of view, but from a contingency point of view. In many recipient countries, especially South of the Sahara, there often exists a basic lack of trust among the different tribes and sub-tribes. Add to this the colonial heritage of the bureaucratic system and a much stronger struggle for survival, and one should not be surprised to find the same in recipient countries but often in a more pronounced manner.

The biggest discrepancy is that people within a donor behave as if they can recreate the world, while at the same time strongly oppose changes in their own system. They might have good reasons to oppose changes within their own system, but the same is true for their counterparts in recipient countries.

Comments

Governmental donors and the forces within their societies which give direction to their proceedings form part of the problems encountered in the field of development assistance. I.D. probably forms the best line of approach to show this to the donor community, for two reasons:

- I.D. is a discipline closely related to management and organization theories. In these theories, networking, contingency theories and the working of informal systems have received more and more attention. Thus people knowledgeable in these fields who are requested by donors to become involved with I.D. in developing countries will almost automatically point at weaknesses in the management and organizational aspects of the donor.
- When referring back to the donor the similarity between donor bureaucracies and recipient bureaucracies is striking.

It is hoped that the donor community, once being aware of the similarities, will become more modest, i.e. more realistic, less sensitive for development fashions, and more respectful vis-a-vis the recipients, without denying its own values.

The question then arises, whether I.D. itself is not a fashion. For some donors this might be the case. For others, like US-AID, it has always been a core preoccupation. For those who are only now becoming aware of the issues involved, there is no choice as in the case of rural development versus urban development, industry versus agriculture, physical infrastructure versus education, etc., because I.D. is closely linked to sustainability. It is not a matter of either/or, but of when. When and under which conditions are donors prepared and ready to integrate I.D. into their proceedings.

4.11 Recommendations

- 1) To increase awareness within the donor agency and among its constituents and experts that the leverage power of a donor and its experts outside the confines of a project and beyond the project period is limited, and thus induce them to become more realistic.
- 2) To decrease the possibilities for Western experts to create artificial islands. This can be realized by doing among other things the following:
 - setting realistic objectives and targets
 - decreasing the leverage power of long-term experts
 - to give priority to short-term recurrent consultancy missions
 - to make more use of local experts.
- 3) To increase awareness within the donor agency and among its experts that most people have good reasons for the way they live and act. Change processes should start from the perspective of the recipients taken into account their concerns, constraints, and belief systems.
- 4) To question whether values, norms and assumptions of donors and Western experts give proper directives for their development assistance activities.
- 5) To increase the period of commitment and to use sequential planning, if the content of the activities does not allow for a blueprint approach.
- 6) To use a more participatory approach, while taking into consideration that modalities of participation are culture specific.
- 7) To increase awareness within the donor agency and among experts that without the proper incentives change and development cannot be realized. This is true both for donors and recipients.
- 8) To use a more mechanistic approach for projects with a strong technological component and to use a more organic approach for people-oriented projects with a low technological component.
- 9) To increase the awareness of the importance of cultural differences, and that all parties concerned approach cultural differences and their consequences for effective I.D. in a non-normative way, without denouncing one's own value pattern.

- 10) To increase the awareness among recipients about the cultural specificity of many of the assumptions, actions and techniques in the field of I.D., and to encourage recipients to learn from Japan. Not by copying their management style but by learning from the way Japan learned from the West. Japan has not blindly copied Western management techniques. In most cases Western management techniques have been judged on both their effectiveness as well as on the degree to which they would fit the Japanese culture. Therefore they either accepted Western techniques, they adjusted them as in the case of management by objectives or they rejected them as in the case of work studies. They also developed their own management techniques e.g. quality circles.
- 11) To assist recipients to develop a body of know-how indicating factors for success and failure of management, entrepreneurship and motivation within the socio-economic and cultural context of the different developing countries.

5. FACTORS INFLUENCING THE RESULTS OF I.D.-ACTIVITIES AND CONSTRAINTS

5.1 Implicit versus explicit I.D. interventions

There is no reason to assume that top management in donor agencies is acting out of bad faith if they profess that much should be done in the field of I.D. while at the same time obstructing its implementation. A disconcerting aspect of I.D., however, is that donors cannot detach themselves from I.D. Almost each intervention by a donor in a recipient country has an impact on the capabilities of the recipient country to manage its own affairs.

The following might exemplify the above:

The project manager of an integrated rural development project and part of his staff are Western experts. In order to legitimize their high salaries both the donor and the experts require that the best support system and the best counterparts are made available. However the government of the recipient country lacks the money (does not attach the highest priority to the project) to meet those requirements. As a consequence the donor allocates additional funds to finance the topping-up of salaries of counterparts and secretarial and administrative staff, and to buy sufficient petrol, stationery and project inputs. This is done despite the fact that it is unlikely that the recipient will continue such a generous financial policy. Activities meant to safeguard the realization of project objectives during the project period might endanger sustainability. After all an efficient work system might look quite different if a weaker support system was taken into consideration right from the beginning. The system left behind by the experts might be ineffective in terms of linkages with beneficiaries, internal communication, data collection and the processing and use of information among other things.

This implies that donors who are not able or who are not prepared to integrate the I.D. perspective into their development assistance work are still on an implicit level constantly intervening in the capabilities of the recipient countries to do their own things better. In the latter case donor interventions on the level of I.D. will often be undertaken unconsciously, they are unplanned, unguided and not monitored.

Whether the results of implicit I.D. interventions will per definition weaken the I.D. capabilities of the recipient cannot be predicted. One of the interviewees gave an example of a rural development project which had to be stopped prematurely due to rampant corruption within the project. Much later when a post-evaluation was undertaken it appeared that the innovations, which had to be introduced through the project and which were believed not to have taken root when the project was stopped, had indeed been adopted as common practices.

On the basis of the literature and the comments of the interviewees it appears that the above mentioned positive example is more exceptional than the many negative results due to the negligence of the effects of the development assistance effort on the I.D. capabilities of the recipients.

Some of the negative effects of the implicit I.D. interventions can be the following:

- Too much institution building in relation to I.D. thus weakening the capabilities of the recipient to manage the expanded organizational infrastructure better.
- Too much non-productive government in relation to income generating activities thus weakening the capabilities to manage productive activities better.
- Too much differentiation in hardware being delivered by the different donors thus weakening the capabilities to service the hardware satisfactorily.
- Too little transfer of know-how in relation to the hardware delivered causing a rapid deterioration of capital assets.
- Too little awareness and know-how among project officers about the consequences of cultural differences for effective I.D., which can easily result in the creation of artificial islands. Artificial islands, in this respect, are self-contained activities which cannot be sustained without outside support because they don't fit into the socio-economic and cultural fabric of the recipient country.
- Too much emphasis on projects, i.e. too much emphasis on short-term activities, instead of integrating the I.D. perspective right from the beginning into the development assistance effort. The excessive emphasis on project activities can easily result in the creation of artificial islands.
- Too little emphasis on strengthening the capabilities and know-how of experts to operate effectively within other cultures, which again can easily result in the creation of artificial islands.
- Too much emphasis on "Western" management techniques, when transferring either formally or informally management and organization know-how. Part of the know-how will be ineffective in other cultures thus decreasing I.D. capabilities as long as the recipients are not made aware of the culture specificity of many management techniques.
- Too little awareness among many donors that some of the misconceptions being explicitly or implicitly used are weakening the I.D. capabilities of recipients. Examples of misconceptions are: the belief that people in recipient countries are acting irrationally; the belief that it is easier to change the world outside the donor than to realize changes within the donor; and the belief that cultural patterns different from Western cultures are per definition constraints to economic development and therefore have to be adapted to Western standards.

Nobody will ever know for sure whether an implicit approach to I.D. will cause more harm to the I.D. capabilities of recipients than that it will give support. But it can be safely assumed that in the case of an explicit I.D. approach the benefits will be considerably higher. None of the donors which were interviewed have in reality integrated an explicit I.D. approach into the bulk of its development assistance effort.

5.2 Factors positively influencing the results of I.D.

It is inferred from the available information that the following factors will influence I.D. results in a positive way:

- A growing awareness among donors and recipients about the importance of I.D. for the realization of sustainability
- The development of a body of know-how on effective I.D. within recipient countries
- Translation of effective I.D. interventions into development assistance policies among donors and recipients
- Dissemination and training on I.D. among donors, experts and recipients
- Design and implementation of the development assistance effort around I.D. objectives.

The design and implementation of the development assistance effort around I.D. objectives will, as far as we now know, result in the following approach:

- A long term perspective
- More emphasis on the process of strengthening capabilities than on tangible project results, without necessarily rejecting project activities and the realization of tangible results.
- Integration of development assistance activities into the socio-economic and cultural fabric of the recipient country from the beginning.
The creation of artificial islands only to be accepted when it is clear that they can and will be integrated into the society of the recipient country in a later stage.
- More emphasis on the transfer of know-how through recurrent short term missions and less emphasis on long term experts. In the case of long term experts there exists, with notable exceptions, an built-in tendency among all parties concerned to realize short term tangible results by accomodating the work environment in such a way that the experts are able to perform, thus creating artificial islands. Long term expatriation should only take place if it can be proven that that is the best option in the light of the I.D. objectives.

As a consequence donor agencies and their Western assignees will spend in relative terms more time in planning, budgeting, monitoring, feed-back, guidance and evaluation and less time in design and implementation.

5.3 Constraints on the side of the donor

In many of the preceding paragraphs constraints on the side of the donor have already been described. Here the different constraints will be enumerated:

- The incorporation of I.D. within the development assistance effort will create more work for project officers. Delegation of work to outside agencies will not give much relief, as the increase in workload will affect especially design, planning (sequential), budgetting, monitoring, feed-back, guidance and evaluation. At least part of these activities belong to the domain of the project officer, unless part or all of the functions of a governmental donor will be delegated to third parties.

- Effective I.D. requires a long-term commitment. For the following reasons the time perspective of donors is often too short for such long-term commitments:
 - Donor organizations which form part of the central government are mostly liable to strict, short-term budgetary procedures.
 - Many interviewees express that donor agencies have to justify their existence, their size and their amount of allocated funds with short-term results.
 - Many interviewees complained that I.D. was not sexy enough to appeal to politicians and the public at large due to lack of tangible results.
 - Some interviewees remarked that long-term commitments would not leave enough room for politicians and others to meet requests from special interest groups and to follow the latest fashion in the development assistance world.
 - The main activity of development banks, i.e. lending money, requires that their main preoccupation is directed at rates of return during the investment period.
 - Contrary to what many people in Western countries assume, time perspectives in these countries are often relatively short. In some other cultures, such as the Japanese culture, people often have a much longer time perspective.
- Effective I.D. requires a flexible approach. The requirements of central government in the field of administrative procedures often run against a flexible approach.

It is obvious that the largest amount of development assistance is channeled through bureaucracies. These days many governmental donors are preoccupied with the question of how at least part of their assistance can be channeled directly to local institutions and target groups by bypassing the authorities in recipient countries. But there exists more congruence between the mechanisms of aid assistance and aid receipt than often assumed. Most development assistance is channeled through bureaucratic systems in the donor countries. That does not only influence the budgetary procedures and the related time perspective but also aspects such as:

 - influence of other stakeholders within and outside the government
 - rate of turnover of project officers, their responsibility and their commitment
 - incentives and commitment

In our interviews several examples were given of disincentives. In one case for example a project adviser was told not to spend too much time on I.D. aspects of project proposals, as this would decrease the amount of money allocated to projects. The donor agency in which this took place is well known for its espoused interest in the subject of I.D.
- Effective I.D. excludes an overload of the I.D. capabilities of the recipient countries. Too many competing institutions supported by competing donors, too grand project designs, too pressing demands on the coordinative capabilities of the recipients, i.e. unrealistic demands on the side of the donor agencies, all result in overkill. To the extent that this is taking place, it is due to the following:
 - Spending pressure. Many of the interviewees felt that the pressure to spend fixed amounts of money in limited periods of time, without the appropriate manpower to fulfill the requirements for effective I.D. is one of the main constraints.

- Lack of coordination among donor agencies. Here too one can point at inconsistent behavior. On the one hand donor agencies complain a lot about the lack of coordination among different authorities within the recipient countries. On the other hand there exists a conspicuous lack of coordination among donors, with few positive exceptions. Lack of coordination among donors is the result of a lack of political will within donor countries to coordinate, for reasons of prestige, economic interests or political interests.
- Effective I.D. would require a new approach in which projects can still be used as a vehicle of development assistance, but in which not a successful implementation of projects has priority, but the strengthening of the capabilities of the recipients to do their own things better on a sustainable basis. This would require a major change in belief systems and practices in most donor agencies. Normally people tend to resist changes, unless it is widely believed that they all will benefit. Such changes, therefore, are very difficult to realize within donor agencies, unless constituencies favour such a change and unless leadership within the agencies is strong and dedicated enough to realize these changes.
- The more a donor agency forms part of central government the more the organization culture will favour among its employees behaviour that is conformist. This will be strengthened when the agency forms part of a Ministry of Foreign Affairs; the corporate culture in such a ministry will be partly defined by the behavioral requirements of diplomacy. This behaviour will also be more pronounced when the workload of the project officers is more oppressive; in such a situation any deviation of normal work procedures will be experienced as a threat to their agenda.
- High turnover of project officers and experts alike, reducing the overall commitment and the propensity to learn from mistakes. This is true for development assistance in general, but in the case of I.D. with its long term perspective this is even more pertinent. A concomittant problem stemming from these practices is that recipients in collectivistic cultures tend to associate themselves with persons and not with the organization represented by those persons. A high turnover of experts and project officers in donor organizations is a strong demotivator for recipients to associate themselves with the software being offered by the project. (The fact that the turnover in recipient organizations is often higher than in donor organizations doesn't contradict this, but only adds to the problem).
- Effective I.D., though very powerful in helping recipients, doesn't offer much to the donor in showing tangible results to its constituencies.
- Effective I.D. requires long lasting relationships with recipients giving less room to embrace the latest fashion in the development assistance world, and giving less room for politicians to profile themselves by starting new activities or by giving away commitments to stakeholders.
- Effective I.D. requires a stronger involvement on the side of the recipients. A real increase in involvement on their side would imply less leverage on the side of the donor to control patterns of disbursement. This might be opposed by central government in the donor country, who would like to remain, at least nominally, in total control.

- It might also be opposed by all those who benefit from development assistance and who fear a diminution of their role and the benefits accruing to them.
- Limited body of know-how on effective I.D.
 - Limited know-how in donor agencies on issues like management, organization know-how and cultural differences and the consequences of those differences for effective management.
 - Limited know-how within most donor agencies about what is already known about I.D.

5.4 Constraints on the side of the recipient

While the content of paragraph 5.3, "Constraints on the side of the donor" has been based on the visits to some twenty donors, the content of this paragraph is being based on the perceptions donors and others in donor countries have on the constraints on the side of the recipients. The constraints mentioned or described in the literature will be divided into those which according to the authors of this paper are questionable and those which the authors endorse.

Questionable constraints

- Lack of rationality.
- Limited time perspective.
- Patronage systems.
- More in general value patterns. Even if value patterns would be a constraint they cannot be changed at will, certainly not by outsiders.
- Lack of support systems. This might be a constraint but should never be used to legitimize negative project results, as is often done. The *raison d'être* of development assistance is lack of support systems as well as lack of other amenities in developing countries, which should be taken into consideration from the beginning.

Real constraints

- The most tenacious constraint, especially in countries South of the Sahara, is the limited legitimation of power holders. This in combination with a collectivistic value pattern is creating many of the problems with which donors are being confronted like: misappropriation of funds, distorted patronage systems, lack of coordination on all levels and the quest for short term successes in order to boost one's political position.
- Effective I.D. requires a long-term approach. The requirements of central government in the field of administrative procedures often run against the requirement of long-term commitments.
- Effective I.D. requires a flexible approach. The requirements of central government in the field of administrative procedures often run against a flexible approach.
- Effective I.D. would require a major change in belief systems and practices among recipients. Normally people tend to resist change, unless all persons within a recipient organization as well as the stakeholders believe that they all will benefit, which normally will not be the case. Such changes, therefore, are difficult to realize, unless constituents favour such a change and unless leadership within the recipient organization concerned is strong and dedicated enough to effectuate these changes.

- The more a recipient forms part of central government the more the organization culture will favour among its employees behaviour that is conformistic.
- A high turnover of staff, especially witnessed in the public sector, will weaken commitment and the propensity to learn from mistakes.
- Effective I.D., though very powerful in helping recipients, doesn't offer much to politicians in the short term in showing tangible results to their constituencies.
- Limited body of know-how on effective I.D. within the different cultural contexts of recipient countries.

5.5 Constraints as a result of the interaction among donors and recipients

- One of the constraints often commented about, but apparently difficult to overcome, is the lack of donor coordination, often culminating in outright competition. Competition among governmental donors in the field of development assistance is of course a reflection of commercial competition among those nations. The negative effect for recipient countries is that in those instances donors are trying to set up new organizational structures notwithstanding the fact that similar organizations do already exist in the recipient country, in order to control or influence the spending pattern of the recipient country. The legitimation for such actions is that according to the donor existing structures don't fulfil their role satisfactorily. As a result too much energy is invested in institution building and too little in I.D. This combined with a lack of funds to pay for recurrent expenditures decreases the ability of recipients to do their own things better on a sustainable basis.

Politicians and bureaucrats in recipient countries often favour actions of donors to create new organizations, notwithstanding the fact that similar organizations might wither away due to lack of recurrent funds. Politicians have something to show to their constituency; the creation of additional employment and the establishment of a useful organization. And it is also favoured by bureaucrats who can use this to increase their influence.

A consultancy firm being hired by one of the donors to review the institutional aspects of their projects, although aware of the negative aspects of a lack of coordination among donors, recommends the following: "One should be careful about joining grand donor designs for institutional reorganization, because their approach to institutional development will necessarily represent a middle-of-the-road, technocratic compromise among the participant donors, usually under World Bank leadership".

- This leads to the following constraint, viz. the fact that donors have different ideas about the content of appropriate I.D. goal-setting, motivation, coordination and the structuring of organizations are to a certain extent culture specific processes. As long as donors and their experts are not aware of the influence of culture on I.D., recipients will be confronted with recommendations and interventions which might embrace slight differences to conflicting admonitions.

- Counterparts in recipient countries often believe rightly or wrongly that donor agencies have a hidden agenda. Therefore it should not come as a surprise that recipients often feel threatened if donors are trying to intervene directly in institutions, i.e. in complexes of norms and behaviors of people in recipient countries that persist over time by serving collectively valued purposes.
- Effective I.D. will be partly culture specific. Many recipient countries, especially those South of the Sahara, contain many different cultures. The development of a body of know-how on effective I.D. within recipient countries should respect those cultural differences. But by doing so differences might be emphasized which many authorities in those countries would like to ignore.
- In many developing countries authorities don't like to be confronted with cultural differences between donor and recipient countries. In the past but also today many people in the West tend to believe that those differences imply that they are less developed than we are. As a result, a discussion started up by donors about the consequences of cultural differences for effective I.D. is too often perceived by counterparts as being lectured about their lack of "modernism".

5.6 Interventions to countervail constraints

In the light of the above mentioned constraints it might be clear that sustainability through I.D. will not be easily realized. Room to manoeuvre is limited probably more so in donor countries than in recipient countries. After all, the espoused beneficiaries are living in the recipient countries and they have even less leverage to influence policies of donors than policies of their own countries.

One way to increase room to manoeuvre is to increase the autonomy of governmental donors. The degree of autonomy differs per country, but none of the governmental donors has a high degree of discretion. In reality it will be very difficult for a donor to increase its autonomy, but it is worth trying.

A second possibility is to create buffers between constituencies and interest groups on the one hand and the donor on the other hand by channeling money through third parties which have more autonomy than the donor itself. This could be partly realized through NGO's.

According to the director general of the NGO Division of CIDA "Evolving Patterns of NGO Support", "it is fashionable to perceive NGO programmes as the "darling" of overseas development assistance. Current evaluations are tending to explode this myth". (14)

One of his explanations for the limited effectiveness is "that although Northern NGOs have benefitted from programme support from their respective governments, and decision-making has increasingly been delegated or decentralized to them, there have been relatively few examples where the benefits of this type of relationships have been passed on to Third World NGOs". On page 3 of his paper he deplores that, "..... one is still struck by the fact that each NGO wants to preserve its autonomy and independence sometimes to a fault". (14)

From the perspective of I.D. it is important that NGOs maintain a high degree of autonomy. At the same time it is important that their counterparts receive enough autonomy to realize I.D. The challenge for governmental donors is therefore to channel money through NGOs with enough autonomy, but that they still can control them to such a degree that effective I.D. will be safeguarded. The problem is that governmental donors have no problem in controlling NGOs, but they strongly reject internal control by colleagues, let alone by outsiders. NGOs are very good in exploiting this attitude, because they can rightly claim that their policies and activities can only be honestly evaluated and controlled if the interventions of the governmental donor are taken into consideration at the same time. The more money NGOs can spend, the more interesting they become for politicians to relate themselves to, and the more NGOs are able to have their requests for funding backed by politicians. By lack of control, the danger exists that the exercise to channel money from government to NGOs in order to improve the effectiveness of aid becomes self-defeating. The only way to solve this paradox is to create a kind of Public Accounts Committee specialized in the control of the I.D. component of development assistance.

A third possibility to increase a favourable climate for effective I.D. is to enable recipients to become more knowledgeable about I.D. through institutions which don't form part of donors like the recently established European Centre for Development Policy Management.

A fourth possibility is to take some of the lessons to heart, of which the implementation doesn't require a major overhaul of policies and practices within donors and recipients.

5.7 Recommendations

- 1) Many of the I.D. interventions undertaken by donors and experts are at an implicit level. It is recommended to change the practice of implicit interventions into a practice of explicit interventions.
- 2) Integration of I.D. perspectives in the development assistance effort will result in an increase in the workload of project officers. Therefore the following is recommended:
 - Slow and gradual introduction
 - More emphasis on the delegation of work to outside agencies
- 3) Constraints on the side of the donor make it difficult to integrate effective I.D. practices in its day-to-day work. The introduction of I.D. is therefore an issue of strategic management. The following is recommended:
 - To increase the autonomy of governmental donors, if at all possible
 - To delegate activities with a (potentially) strong I.D. component to outside agencies
 - To develop procedures which at the same time guarantee the outside agencies enough autonomy, in order to avoid self-defeating exercises, while at the same time introducing an appropriate control and reward system to safeguard effective I.D. interventions

- 4) High turnover of project officers in governmental donor agencies and high turnover of experts will diminish the commitment of all parties concerned. It is recommended to adjust personnel policies in this respect, if at all feasible. As second best it is recommended to offset the negative aspects of high turnover of personnel by:
 - Giving priority to handing over responsibilities and tasks instead of giving priority to filling up vacancies.
 - Giving priority to recurrent short term missions instead of to long term expatriation, because experts seem to be prepared to commit themselves for much longer periods if recurrent short missions can be combined with other work in their home country, as in the case of twinning arrangements.
- 5) Given the limited awareness on issues of I.D. among most parties concerned, and given the limited body of know-how, it is recommended to increase the level of awareness on issues of I.D., to increase the level of know-how on issues of management, intercultural management and I.D., and to give assistance to recipients to develop their body of know-how in the field of I.D. within their own socio-economic and cultural context.
- 6) In countries South of the Sahara one of the major constraints to economic development is the limited legitimation of power holders, as well as the concomittant distrust between the different population groups. From the point of view of I.D., one of the most powerful interventions in the long run is support for those activities in the field of nation building which will increase the legitimation of power holders and which will decrease the distrust between the different population groups. It is recommended to support those activities, such as education in secondary boarding schools with an enrollment pattern which reflects the composition of the the different population groups in the country.
- 7) Many observers have already pointed out that there is a lack of donor coordination. In the short run many recipients are able to use the lack of coordination for their own interests. But it is widely believed that in the long run the lack of coordination is detrimental to the effectiveness of the aid effort. It is therefore again recommended to increase donor coordination. As second best it is recommended to decrease outward competition and to concentrate on those activities in which the respective donors have a competitive advantage instead of supporting ailing sectors in their own society through development assistance.

- 8) In order to minimize a threat which might arise from a drive of donors to strengthen I.D. capabilities among recipients the following is recommended:
- To make a distinction between a micro and a macro approach. The micro approach is project support embedded into an I.D. perspective. The micro approach will be especially directed at meso and micro level in recipient countries.
The macro approach will be as much as possible detached from project support and is in the first instance directed at macro, i.e. at policy, level. Through the macro approach awareness among policy makers can be fostered as well as the development of a body of appropriate know-how.
 - To entrust the execution of the macro approach to agencies, outside governmental donors with enough power of discretion to diminish the perceived threat of internal interference.
 - To make explicit on which assumptions I.D. policies are based, so that recipients are able to assess the relevance of the interventions within their own socio-economic and cultural environment and to assess the relevance of the differences among donor policies in the field of I.D.

6. LESSONS LEARNED

The lessons which are presented here are confined to major generic lessons. With generic lessons is meant lessons which are valid irrespective of the sector at which the development assistance activity is directed.

The lessons which will be drawn have been grouped under the following headings:

- discrepancies
- similarities
- focus on I.D.
- specificity
- motivation and leadership
- simplicity
- flexibility
- long term commitment
- cultural differences
- strategic management
- soft is hard

6.1 Discrepancies

While interviewing people working in the field of I.D. and while reading reports on I.D. one is struck by the number of prevalent discrepancies. The following lessons from these discrepancies should be noted:

Lesson 1

There exists among donor agencies, already explicitly active in the field of I.D., a discrepancy between the espoused objectives, strategies and activities, and their real efforts in this field. (See page 5)

Lesson 2

Donor agencies cannot detach themselves from I.D. interventions. Even if they want to do so, they will still intervene constantly on an implicit level. (See page 29)

Lesson 3

Many people in donor agencies behave as if they can recreate the world in recipient countries, while at the same time pointing at the limited potential for change in their own agencies. (See page 24)

6.2 Similarities

If one compares donor agencies with each other as well as with recipients, the similarities are striking.

Lesson 4

Many different donor agencies cope with the same constraints when trying to implement I.D. in an effective way.

Lesson 5

As a consequence of lesson 4, problems arising from attempts within donor agencies to introduce effective I.D. do not stem from the obstruction of some "bad guys". Apparently donor agencies, especially governmental donor agencies are affected by similar environmental factors.

Lesson 6

Governmental donor agencies have much in common with governmental recipient agencies. E.g. in the field of:

- limited time perspective
- high turnover of employees
- lack of coordination
- lack of appropriate incentives to promote effective I.D.
- strong dependence on the political environment and other interest groups

6.3. Focus on institutional development

Donors and project managers must consider the possibility that the processes they use to apply resources, deliver goods and services, and evoke response will, in fact, lower the possibility that these processes will continue after the project has ended. Without a conscious effort to focus on post-project issues, a shortsighted service emphasis tends to dominate decisions. (15)

Lesson 7

Operational support to ensure the efficient implementation of projects may have negative impacts on I.D., if the effects of operational support on the project activities, once outside support has been terminated, are not taken into consideration. (page 11 and pages 13/16)

Lesson 8

Sustainability and I.D. are not automatically a by-product of development projects. It must receive serious attention from project inception through termination. Few project ideas are so compelling to the recipients that they will perpetuate benefits without organizations equipped to carry them forward. Usually, the organizations must be created or strengthened during the implementation process. One of the problems too often ignored is that when external resources end, local actors must be able to continue activities, often with fewer resources than before. Institutional capacity, therefore, is a key element in project sustainability. (15)

One of the success stories is the Aga Khan Rural Support Programme (AKRSP) in Northern Pakistan. In this programme the initial focus was on I.D. A concise description of the programme will be given at the end of this chapter.

6.4 Specificity

According to Arturo Israel in his book "Institutional Development: Incentives to Performance", specificity is a key factor explaining the level of I.D. effectiveness. Some of the lessons which have been drawn by the author on the basis of his study of some 200 World Bank projects are the following (11):

Lessons 9

The most successful I.D. programs were in industry, telecommunication, some utilities, development finance companies/industrial development banks, and industrial types of agriculture such as plantations. That is to say the higher the degree of specificity, the higher the chances of success. The same is true for the different components within one project; the higher the specificity of a component within a project the more chance that that component will be successfully implemented.

Lessons 10

The higher the degree of specificity the higher the automatic inducements will be to do the proper things in a proper way. And therefore activities of low-specificity need stronger management signals to achieve than do activities of high-specificity.

Lesson 11

In the fight against poverty, low-technology people-oriented activities, such as agricultural extension, primary health care, and maintenance of simple facilities, have a crucial role to play. Those activities have a low specificity, and therefore require much more attention in strengthening the I.D. capabilities of recipients.

Lesson 12

Strengthening the I.D. capabilities of recipients is already in itself a low-technology people-oriented activity, and is therefore labour-intensive as well as management-intensive.

6.5 Motivation and leadership

Lesson 13

It is well-known that once a group of people are strongly motivated to realize a common goal the chances they will do so are high. But in the development assistance world too little attention has been paid to this truism.

One of the explanatory factors of the above mentioned negligence may be "the myth of the technical fix", as explained by Honadle and VanSant. (15). "The myth of the technical fix is based on the idea that development is simply a technical problem. The myth promotes the perception that solutions to the development puzzle are known, and the reason that they are not applied results solely from bureaucratic ineptitude and political shortsightedness. The answer to poor performance, then, is to bypass the bureaucratic obstacle course and let the experts do their job".

Two elements among many which influence motivation strongly are feelings of ownership and leadership style.

Lesson 14

The lesson most often mentioned by the interviewees is the importance of feelings of ownership among recipients for successful I.D.

According to many this is the most overriding factor defining success or failure of development assistance activities. Feelings of ownership should be felt by all parties in the recipient country which are crucial for a successful implementation of I.D. activities. Lack of such feelings not only acts as a demotivator, but it can also induce local leaders who fear that they are losing control to obstruct the project activities.

Lesson 15

Feelings of ownership among recipients will only come into existence and they will only survive under the following conditions, if

- there exists a genuinely felt need among the recipients for the activity,
- the recipients have the feeling that the responsibility for the design, planning and implementation rests with them,
- recipients have the feeling that the modalities and the content of design, planning and implementation are controlled by them.

Lessons 16

In order for a donor to realize conditions under which feelings of ownership can arise, which in itself is to a certain extent a contradiction in terms, much time, patience and adaptability are required on the side of the donor and Western experts.

Lesson 17

To the extent that donor agencies are trying to remain in control of "their" projects, the arousal of feelings of ownership among recipients will often be a self-defeating exercise. If donor agencies and Western experts are able to overcome the inherent contradiction in their desire to remain in control while at the same time trying genuinely to foster feelings of ownership among recipients, this will only occur with a high investment in time and energy.

Lesson 18

Very often the issue of ownership will only be seriously taken into consideration by donor agencies before and during the time that the project is handed over to the recipients. Then it is often too late for a successful transfer.

Lesson 19

Delegation of responsibilities to e.g. NGO's and/or recipients in order to promote feelings of ownership among recipients requires in situations of low specificity a strengthening of the control function. But governmental donor agencies are by nature not well equipped to handle a control function effectively.

Lessons 20

Some of the interviewees rightly indicated the importance of effective local leadership for successful I.D. The importance of leadership will be higher if the specificity of projects is lower.

A general feeling among many donor agencies seems to be that effective leadership is something outside their control. And it is true that outside agencies have little or no possibilities to positively influence leadership styles. But the reverse certainly takes place.

Lesson 21

Behaviour of Westerners during their interface with recipients can either implicitly or explicitly disfavour effective leadership in recipient countries.

Effective motivation and effective leadership is culture specific. In many developing countries the profile of an effective leader can be described as: charismatic, patriarchal and participative. In many Western countries these characteristics are being perceived as contradictory. Besides in a country like the Netherlands most people do not respond favourably to leaders who are charismatic and patriarchal, certainly not if they have to cooperate closely with them.

6.6 Simplicity

Lesson 22

Institutional capacity within recipient countries is one of the scarcest factors of production.

Lesson 23

The institutional capacity of recipient countries is often overburdened by donor agencies, due to lack of coordination and due to overly ambitious project objectives and targets.

Lesson 24

The scarcer institutional capacity is, the more simple project designs should be from the perspective of I.D., certainly so in the case of low-technology and people-oriented projects which require, relatively speaking, strong managerial capabilities.

The higher the complexity of institutional arrangements the lower the chances that sustainability will be realized. Many interviewees and authors have e.g. noted the many failures in the field of integrated rural development projects. The institutional capacities of the public sector in most recipient countries are so weak that comprehensive coordination and integration may be more costly than the possible waste resulting from duplication of services.

Note that simplicity has no value in itself. The degree of simplicity should fit the institutional requirements. Too much simplicity might be as ineffective as too little simplicity.

Lesson 25

The challenge to the designer is to establish the proper relationship between the objectives of a proposed project or program and the degree of complexity that is feasible in the particular environment. (11)

Lesson 26

Coordination among different ministries is a problem the world over. In developing countries this is a more acute problem than in many Western countries because of the greater involvement of central government in the market economy and because of the all-pervasive patronage system.

Lesson 27

Interventions of donors to create better coordination among the different authorities will often be counter-productive. Designs directed at coordination of inputs at the level of beneficiaries might be more effective than grand designs.

6.7 Flexibility

Lesson 28

Many governmental donors seem to perceive the recipient world as being more static than their own world, and they act accordingly, despite the fact that it often is the other way round.

If projects fail due to unforeseen events, the reaction in many donor agencies is not so much to increase flexibility, but to emphasize project identification, design, and feasibility studies. This is a continuous process to be witnessed in many donor agencies.

The environment in which project activities are taking place is, however, more turbulent than in donor countries.

Reasons for a higher degree of instability are:

- Smaller economic margins to neutralize influences of the world market on the national economy.
- Less diversified economy, so that a disturbance in one economic sector, e.g. a crop failure, has stronger repercussions on the national economy than in a donor country.
- Less political stability.

Lesson 29

A certain degree of built-in flexibility in development programmes increases the chances of successful I.D.

Without any flexibility it is difficult for the recipients to develop feelings of ownership. Moreover a static approach will induce donors and experts to create projects or programmes which are as little dependent as possible on the vagaries taking place in the world of the recipients. In other words a lack of built-in flexibility will induce donors to create artificial islands.

Lesson 30

Artificial islands and sustainability are incompatible concepts.

Note that flexibility has no value in itself. The degree of flexibility should fit the institutional requirements. Too much flexibility might be as ineffective as too little flexibility.

Lesson 31

Sequential planning can strike a balance between too much rigidity and too much flexibility.

6.8 Long term commitment

Lesson 32

The longer the commitment of donor agencies to give continuous support to the same recipients for the same I.D. purposes, the higher the chances that interventions undertaken to strengthen institutional capabilities will materialize.

Many interviewees are of the opinion that one of the constraints of I.D. is the short term commitment of their donor agency. Evaluation results are pointing in the same direction.

6.9 Cultural differences

Lesson 33

Cultural differences between donors and recipients matter, especially in fields where interaction is an important aspect of the development assistance effort as in the case of I.D.

Lesson 34

The reality in recipient countries is more unruly than many donor agencies like to accept. It is, however, relatively easy to persevere in one's misconception, because in the cultures of many recipients acquiescence is a positive behavior, certainly vis-a-vis one's benefactors.

Lesson 35

Effective motivation and leadership styles are among the most cultural specific elements of I.D. At the same time motivation and leadership styles belong to the core elements defining successful I.D.

Lesson 36

The effectiveness of I.D. interventions by donor agencies would increase considerably if relevant cultural differences are taken into consideration from the beginning of the identification of development assistance activities; not only by experts, but by project officers and management of the donor agencies alike.

6.10 Strategic management

Lesson 37

Concern for I.D. should be part of strategic management as it brings the following aspects into focus:

- Realization of effective I.D. within the context of development assistance will only be possible if proper actions are undertaken within donor countries to attune their operations with the requirements of effective I.D. interventions.
- Design and planning are emphasizing "what" and "when". By bringing implementation into focus additional emphasis will be put on "how in actual fact all these beautiful projects will be effectuated".
- The potential of donors and recipients to influence their outside world in order to realize the objectives of recipient organizations better, and the abilities of their management to do so.

Lesson 38

Important factors defining the degree to which management of the recipient organization is able to favourably influence its outside world is dependent on the degree to which it is able to create and maintain strong networks, relationships of trust, and political support.

Lesson 39

The lower the technological content of development assistance activities, and the more people oriented those activities are, the more strategic management becomes, both internally and externally.

6.11 Soft is hard

Depending on the discipline to which one belongs, the challenge in development assistance will be put on different sectors and activities. The challenge for most engineers is in the field of sophisticated technology and for most macro-economists in national plans and budgets.

Lesson 40

From a perspective of management and organization theory the challenge is in the field of low-technology and people oriented activities, such as institutional development, because it requires more emphasis on the following:

- management signals to motivate employees continuously
- adaptive behavior to adjust to unforeseen situations and unforeseen demands from beneficiaries
- proactive behavior, in order to avoid a situation in which work-practices are obsolete before they have been put into practice due to an ever-changing environment
- learning by doing
- delegation of authority and responsibilities, because in people-oriented activities the proportion of unprogrammed decisions "should" increase at lower levels. (11)

Let us quote here, as a concluding remark of this chapter, Dennis A. Rondelli in his book "Development Administration and U.S. Foreign Aid Policy from page 145/146: "The trend in theory over the past decade has been away from the Point Four approach used during the 1950s and 1960s, in which U.S. public administration principles and procedures were simply transferred to developing nations with little or no adaptation..... Finally, theory has moved from strategies that attempt (to) strengthen centralized, control-oriented, comprehensive management systems toward those that try to create more flexible, adaptive, innovative, responsive, and collaborative methods of administration in which the intended beneficiaries of development programs can participate more effectively in planning and implementing them..... However, US-AID continues to use control-oriented management processes that attempt to anticipate and plan for all aspects of a project's implementation prior to its approval. It continues to rely on methods and procedures of project design, selection, and implementation that assume a high degree of knowledge about what needs to be done and of certainty in a world in which "the correct solutions" are not always clear - in which the only certainty is that there will be a large degree of uncertainty surrounding the most effective way of promoting economic and social change in developing countries. (16)

6.12 Example: The Aga Khan Rural Support Programme, AKRSP

AKRSP was initiated in 1982 for the purpose of implementing a rural development program in the Northern Areas of Pakistan. The main objective of the programme is to achieve a doubling of rural per capita incomes over a period of ten years. The programme was evaluated by the World Bank in 1987 on the request of the Aga Khan Foundation, and the evaluation results were very good and promising.

The central feature of the programme is the establishment of effective Village Organizations (VO). Once established, the VO enters into a formal partnership with AKRSP under which technical and financial assistance is provided in the form of programmes. Out of about 1,030 villages in the program area, some 526 now have an active VO. Another essential element of the strategy is the one granted-assisted Productive Physical Infrastructure Project (PPI) per VO. This is not considered a gift, but rather an agreement on the part of AKRSP to pay individuals in the village for their services in designing and implementing the programme. This is a departure from conventional wisdom, as the community in an NGO project normally makes a contribution in-kind to their programmes in the form of their labour. In the case of AKRSP, payment of wages is justified on the premise that a large proportion is saved, and to create the economic surplus for further investment.

Despite the broad range of programmes and the extensive and logistically difficult area in which the project is working, AKRSP remains a relatively small programme compared to many of the rural development projects financed by bilateral and multilateral sources as in this case. Total funding for the first four years has been US \$ 8.3 million. At the same time AKRSP is labour intensive, employing almost 200 persons of which 86 are professional staff, with emphasis on attracting people who are qualified in their technical field and able to speak the local language.

The increase in outputs was not the major emphasis at the beginning of the project, but became significant only in the fifth year after considerable investment in the basic village organization. Each VO is free to choose its own project. Although social projects are also an option, villagers say very clearly that they first have to generate the resources to support those programmes and therefore virtually all projects are related to production and marketing.

The World Bank evaluation led to several conclusions which may be relevant in attempts to replicate this type of programme in other areas. Some are quoted here:

1. Basic success is attributable to the priority given to I.D. through the establishment and strengthening of VOs.
2. Another strength of the programme is the implementation of several management principles. First among these is the principle of primacy of the VO. The VO is the focal point of all activities, but its sovereignty is regarded as sacrosanct. The AKRSP team may make suggestions or present options but they do not make decisions for the

VO nor make demands on them, nor do they get involved in their internal problem solving.

3. A second management principle is that of continued attention to innovation. This principle fosters a learning environment within AKRSP, within and among VOs and effectively for the whole programme. When one VO proposed building an irrigation tunnel rather than a much longer open channel they were given the same support despite the tunnel's inherent difficulties and risks. Similarly, the use of new equipment or new varieties is observed carefully, whether proposed by AKRSP or originating from another source, and the experience is discussed in meetings at various levels. Thus both programme staff and village leaders learn from experience. The effect is to create a "learning environment" of active improvisation and innovation.
4. Pursuit of these management principles is greatly aided by the flexibility and freedom of operation AKRSP enjoys as a small, independent non-governmental organization. This flexibility, carefully husbanded by AKRSP management, greatly facilitates the "working method" of experimentation, adaptation, and trial and error innovation that is the hallmark of the programme.
5. In the particular geographical region where the programme is taking place, it benefits from the fact that there is a partial political and administrative vacuum; therefore there is no competition for the VO. There is also a long tradition of cooperation and homogeneity in the villages.
6. AKRSP is totally staffed by Pakistanis, which might be an explanation for the fact that the programme is both of a labour intensive and low-cost nature.
7. AKRSP has excellent relations with government agencies, private firms and other institutions in the Northern area of Pakistan.
8. The programme horizon for AKRSP was set at ten to fifteen years from the outset, with four or five years set aside merely to establish VOs.

It might be a happy coincidence that all lessons which have been given above have been put into practice in this programme, and that at the same time the programme appears to be so successful. Or is there after all some truth in those lessons; lessons which apparently are easier to draw, if we may believe Rondinelli, than to put into practice by governmental donor agencies.

6.13 Recommendations

- 1) To take the above lessons to heart and to appreciate the intricacies and consequences of the lessons drawn.**
- 2) To accept that questions about institutional development can never be solved with mathematical precision, because of the complexities involved and the flux in which the real world finds itself.**
- 3) Therefore to be prepared to continue a learning process about effective I.D.**
- 4) To establish platforms within the different donor agencies to discuss on a continuing basis the consequences of lessons drawn, the potential for their implementation and strategies.**
- 5) To establish a platform among donor agencies and recipients to discuss the issues of institutional development on a continuing basis.**

7. RECOMMENDATIONS

In this chapter a consolidation is given of the explicit and implicit recommendations contained in the previous chapters. The implicit recommendations are especially taken from the lessons presented in chapter 6.

Definition and objective

- 1) To define institutional development, I.D., as "strengthening the capacity of partner institutions to carry out their mission more effectively on a sustainable basis".
- 2) To limit the term institution in the context of I.D. to organizations that are and that are not institutions, and thus excluding institutions that are not organizations, such as law, development assistance and religion.
- 3) To limit the term I.D. to organizational issues, including organizational networking and the way the environment can be influenced.
- 4) To design, plan, implement and monitor development assistance on the premise that it should primarily strengthen the institutional capacity of recipients on a sustainable basis.

Issues of strategic management

Constraints on the side of the donor make it difficult to integrate effectively I.D. practices in its daily work. The introduction and strengthening of I.D. practices is therefore an issue of strategic management.

- 5) To increase awareness within the donor agency about the importance of I.D. for sustainability, and to increase awareness among key persons within the donor agency about the many constraints which hinder an effective implementation of I.D. policies.
- 6) To increase awareness within the donor agency and among experts that without the proper incentives, change and development cannot be realized.
- 7) If a governmental donor agency really wants to increase the sustainability of its development assistance effort through I.D. it is recommended to assess its potential to do so. This can be done by making an analysis about the following aspects:
 - the external constraints with which it has to cope
 - the organizational culture of the donor
 - the degree of specificity of its activities
 - the incentive system both at a formal as well as at an informal level
 - its degree of autonomy to minimize the constraints, and to change the organizational culture and its incentive system.

- 8) To define on the basis of the analysis the degree to which the agency can increase its autonomy vis-a-vis constituents and interest groups which might disfavour a genuine focus on I.D. and to develop a strategy accordingly.
- 9) To define on the basis of the analysis the degree and content of delegation to outside agencies to safeguard a minimum level of satisfactory I.D. interventions.
- 10) To develop procedures which guarantee the outside agencies enough autonomy, in order to avoid self-defeating exercises, while at the same time introducing an appropriate control and reward system to safeguard effective I.D. interventions; and to develop strategies for implementation.
- 11) If a governmental donor really wants to put more emphasis on effective I.D. interventions, a very slow and gradual process of introduction is recommended because of the following reasons:
 - Many people tend to resist change
 - It is a threatening subject due to the many constraints
 - One of the constraints is the excessive work load of project officers. In such a case changes which might involve additional work will be strongly opposed.
- 12) If a governmental donor really wants to put more emphasis on effective I.D. interventions it should adapt its practices accordingly, e.g. by adjusting its management style, by adjusting its personnel policy and its system of incentives, and by adjusting its work procedures.
- 13) To establish a platform within the donor agency to discuss on a continuing basis the consequences of lessons drawn, the potential for their implementation and strategies.

Elaboration

- 14) Given the limited awareness and know-how on issues of I.D. among most parties concerned, it is recommended to increase the level of awareness and know-how about organization theory and management practices, intercultural management, transfer of know-how in an intercultural context and I.D.
- 15) Given the limited body of know-how on issues of I.D., it is recommended that donor agencies sponsor the development of such a body of know-how, as is done by US-AID.
- 16) To increase the willingness to learn from lessons drawn and to appreciate the intricacies and consequences of those lessons.
- 17) To accept that questions about I.D. can never be solved with mathematical precision, because of the complexities involved and the flux in which the real world finds itself.

- 18) Therefore to be prepared to continue a learning process about effective I.D.
- 19) To increase the awareness within the donor agency and among experts that many interventions not explicitly directed at I.D. can still be of major significance for I.D. either in a positive or a negative sense.
- 20) Many of the I.D. interventions undertaken by donors and experts are at an implicit level. It is recommended to change the practice of implicit interventions into a practice of explicit interventions
- 21) To increase the awareness within the donor agency and among its constituents and experts that the leverage power of a donor and its experts outside the confines of a project and beyond the project period is limited, and thus induce them to become more realistic.
- 22) Be prepared to put more emphasis on I.D. the lower the specificity of the development assistance activities.
- 23) To increase awareness within the donor agency and among its experts that most people have good reasons for the way they live and act. Change processes should start from the perspective of the recipients, taking into account their concerns, constraints, and belief systems.
- 24) To question whether values, norms and assumptions of donors and experts give proper directives for their development assistance activities.
- 25) To increase the awareness of the importance of cultural differences, and that all parties concerned approach cultural differences and their consequences for effective I.D. in a non-normative way, without denouncing one's own value pattern.
- 26) High turnover of project officers in governmental donor agencies will diminish the commitment of those officers and recipients alike. It is recommended to adjust personnel policy in order to lower the rate of turnover, if at all feasible. As second best it is recommended to offset the negative aspects of a high turnover of project officers by giving top priority to handing over responsibilities and tasks to successors.
- 27) High turnover of experts in the field will diminish the commitment of those experts and of their counterparts alike. It is recommended to give priority to recurrent short missions instead of to expatriation, because experts seem on average to commit themselves for much longer periods of time if recurrent short missions can be combined with other work in their home country, as in the case of twinning arrangements.
- 28) To increase the period of donor commitment.
- 29) To decrease the desire to be in total control of project activities and to decrease the desire among people in the donor agency and among experts to identify oneself too strongly with the project activities.

- 30) To use a more participatory approach, while taking into consideration that modalities of participation are culture specific.
- 31) To use a more mechanistic approach for projects with a strong technological component and to use a more organic approach for people-oriented projects with a low technological component.
- 32) To strike the proper balance between too much rigidity and too much flexibility. Sequential planning might be an appropriate instrument for all those activities which do not allow for a blueprint approach.
- 33) To establish the proper relationship between the objectives, structure and procedures of a proposed development assistance activity and the degree of complexity that is feasible in the particular environment.
- 34) To increase donor coordination to minimize the risk of overburdening the system of the recipients, if at all feasible. As second best it is recommended to decrease outward competition and to concentrate on those activities in which the respective donors have a competitive advantage.
- 35) To decrease the possibilities for Western experts to create artificial islands. This can be realized by doing among other things, the following:
 - setting realistic objectives and targets
 - decreasing the leverage power of long-term experts
 - to give priority to short term recurrent consultancy missions
 - to make more use of local experts
 - to put more emphasis on a flexible, organic and participatory approach

The role of donors vis-a-vis the authorities in recipient countries

Many of the lessons and recommendations for governmental donors are as relevant for the authorities in the recipient countries.

- 36) To increase the awareness among recipients about the importance of I.D. by sharing openly all queries, doubts and lessons in the field of I.D. One way of doing this is to establish and/or to strengthen platforms among donor agencies and recipients to discuss issues of I.D. on a continuing basis.
- 37) To assist recipients to develop a body of know-how indicating factors for success and failure of management, entrepreneurship and motivation within the socio-economic and cultural context of the different developing countries.
- 38) To increase the awareness among recipients about the cultural specificity of many of the assumptions, actions and techniques in the field of I.D., and to encourage recipients to learn from Japan. Not by copying their management style but by learning from the way Japan learned from the West.

- 39) In countries South of the Sahara one of the major constraints to economic development is the limited legitimation of power holders, as well as the concomitant distrust between the different population groups. From the point of view of I.D., one of the most powerful interventions in the long run is support for those activities in the field of nation building which will increase the legitimation of power holders and which will decrease the distrust between the different population groups.
- 40) In order to minimize a perceived threat by recipients, which might arise from a drive of donors to strengthen I.D. capabilities among recipients the following is recommended:
- To make a distinction between a micro and a macro approach. The micro approach is project support embedded into an I.D. perspective. The micro approach will be especially directed at meso and micro level in recipient countries. The macro approach will be as much as possible detached from project support and is in the first instance directed at macro, i.e. at policy, level. Through the macro approach awareness among policy makers can be fostered, moreover a body of appropriate know-how within the different developing countries can be developed.
 - To entrust the execution of the macro approach to agencies outside governmental donors with enough autonomy to diminish the perceived threat of internal interference.
 - To make explicit on which assumptions I.D. policies are based, so that recipients are able to assess the relevance of the interventions within their own socio-economic and cultural environment and to assess the relevance of the differences among donor policies in the field of I.D.

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ANNEX I : TERMS OF REFERENCE

Terms of reference for a study into the state of affairs in the field of "Institutional development".

1. Background

An important condition for developmental activities to succeed is that they be rooted in the society concerned. Being rooted in societies embraces many different aspects: organizational, personnel, budgetary, social, cultural, etc.

Realizing this requires much time and energy: preceding the development activity, during the "building process" and the follow-up activities.

In that case we talk about factors like training, organization, management, maintenance, exploitation, reinvestments, etc.

For the success of each different project, project-specific Institutional Development (I.D.) is necessary. Hence, I.D. should be tailor-made.

But I.D. does not only concern the micro level of a project, but the meso and macro levels as well.

Take, for example, the economic situation of a developing country which has been deteriorating for some years. In such cases efforts should be more drastic in order to turn this trend, and if it appears that existing approaches are not effective, the focus of these efforts must be changed structurally, e.g. by putting more emphasis on decentralization or on liberalization of the private sector. In such cases heavier or different I.D. requirements will be set for the macro level. Discussing the development of countries in an era in which many have problems, it is obvious in this connection that as far as I.D. is concerned, the problems of administrative and organizational capacity have been placed in the limelight of the discussion about development.

- The World Bank has established a special department charged with I.D. complimentary to "Structural Adjustment Loans".
- The most important reports on Development Cooperation like the Report of Taskforce on Concessional Flows (1985) and Investing in Development (1986) pay more attention to I.D. on meso and micro levels.
- In cooperation with consultants, government representatives from developing countries, multilateral institutions and bilateral donors, the Worldbank organized in 1984, 1985 and 1986 seminars on I.D. mainly focused on meso and micro levels. The last seminar was held in the Netherlands.
- In March 1986, in the DAC, discussions were held on I.D. topics including studying the possibilities to strengthen governments in developing countries through, for instance, improvement of public management on macro and meso levels. Operational recommendations would be discussed during a follow-up session. This has been planned for November 1988.

A clear example of the growing awareness that related to I.D. extensive measures are needed, can be found in the "United Nations Programme of Action for African Economic Recovery and Development", agreed upon by the 13th Special Meeting of the General Assembly of the United Nations in 1986. In the enumeration of measures to be taken by the African countries themselves, in this Programme, the following has been recorded under the heading "Improving Management of the Economy":

"African Governments recognize that genuine efforts must be made to improve the management of the African economics and to rationalize public investment policies, particularly since the public sector will have to continue to play an important role in the development of the region. Such efforts would require, inter alia, improvement of public management systems, institutions and practices; improvement of the performance of public enterprises; reforming the public services to make them more development-oriented, greater mobilization of domestic savings, improvement of financial management including debt and development aid, fiscal administration and control of public expenditure with a view to promote the efficient use of resources and cutting waste and resource misallocation, reduction of foreign exchange leakages. The positive role of the private sector is also to be encouraged through well defined and consistent policies".

The importance of concentrated attention at the broad field of development of human resources in general, and of training and education in particular, has been recognized a long time ago by both multi- and bilateral donors.

This is proved, as far as the Netherlands is concerned, by the considerable volume of the yearly expenditures on training and education in the framework of Development Cooperation. Nevertheless it seems to be important to analyze carefully the bottlenecks which hinder a better control of socio-economic development processes; for this improvement is thwarted where the necessary capacity is lacking, or where the organization of public institutions or of private organizations and companies is insufficiently directed at the needs of the development process. This is the case in many developing countries.

Causes of this state of affairs could be indicated globally and are partly of an internal, partly of an external (performance of donors) nature. Historically government in developing countries has simply expanded, without proper policies and control, and is insufficiently directed at bringing about social and economic development. Planning institutions are understaffed and organized inappropriately. Maintenance and control of technical infrastructures often is far from perfect, and it is hard to avoid the impression that already in the stage of development planning, the demands and possibilities of an appropriate implementation and control of the planned activities are insufficiently taken into account.

Also the donors are to be blamed. In many countries there is a multitude of programmes and projects which, in most cases, do not fit into a previously determined framework. As a consequence, sufficient insight and an overview of the nature and volume of the different activities is often lacking at the central level. Confronted with institutional and organizational gaps, donors tend to create small and isolated organizational units which disappear as soon as the donor has terminated its support. This general field of problems, which originated long ago, has come into the limelight as a consequence of the programmes for structural adjustment which heavily tax the administrative and organizational capacities of the countries implementing such a programme.

The emphasis of such programmes on the need of decreasing the size of the public sector and on involving the private sector in the development process implies that an analysis of institutional development issues not only should take into consideration the situation of the public sector but of the private sector as well.

Seen from the perspective of the Netherlands policy for bi-lateral development cooperation, an analysis should be focused on the private sector in the rural areas and in (small scale) industries, and on the functional linkages with regional/local government. Already in the design of the programme for rural development, I.D. has been recognized as an objective. However, a systematic approach of I.D. until now has been lacking, as has a clear analysis of what the Netherlands' contribution could be. Within DGIS (Ministry for Development Cooperation) several units and persons acknowledge the importance of I.D., but coordination (still) is done on an ad hoc basis.

Since 1986 the issue of I.D. has been the subject of discussion in a study group with several consultants. In another study group DGIS cooperates with several universities. The study groups do consult, however they have not yet produced important results. Conceptual immaturity and insufficient manpower among other things underlie this problem.

Finally, in the field of I.D., a request to the Dutch NAR (National Advisory Committee) has been submitted to make an inventory of constraints for efficient and effective management and planning, as well as for the coordinated implementation of donor-financed development activities. This effort should be focused on the development of a practical and operational programme, in which more attention should be paid systematically to the improvement of administrative and management capacities, while primarily making use of existing instruments for preparation as well as implementation of programmes and project.

2. Assignee and duration of assignment

The assignee is the consultancy organization IDEAS, whose director is Drs. B. Waisfisz. He is responsible for the final results of the assignment, but may delegate selected activities to co-workers after consultation with the principal. The assignment will cover a period of 90 days starting at 01/11/1987.

3. Objectives

The objective of the assignment is twofold:

- i.) making an inventory within the most important donor agencies of the place of I.D. in development cooperation and
- ii.) the consequences of institutional characteristics of public and private sectors in developing countries for the implementation of development policies as seen from the perception and experiences of donors.

ad i.) The inventory concerns:

a. conceptions and policies;

What is meant by I.D. and which related aspects play a role. The issues at stake are the levels of I.D. (macro/national, meso/regional, micro/local), aspects (cultural, social, economic, administrative, educational, organizational) and the time sequence (preparation, implementation, follow-up). To what degree have conceptions been translated into an explicit policy regarding I.D.

b. action and experience

In which way attention is being paid to I.D in interventions. The issue at stake is the practical approach of projects and programmes, and what experience has been gained with the implementation of I.D., e.g. in which way evaluation results are fed back.

c. organization

In which way is the interest in I.D. accomodated within the donor organization (separate organizational unit, specialists, general rules, checklist) and which trends are discernable in this field and in which ways counterparts are involved in consultations regarding I.D.

ad ii.) The second part of the objective aims at giving an indication of the stronger and weaker institutional aspects of public and private sectors in developing countries in the implementation and the follow-up of projects. Here, one may think of characteristics, inherent to public and private sectors, which under certain circumstances influence projects positively or negatively, i.e. the rewarding system in the public sector, the role of line ministries, etc.

ANNEX II : LIST OF AGENCIES VISITED

CANADA

- CIDA, Canadian International Development Agency

DENMARK

- COWiconsult, (Discussions held in Danida Office)
- DANIDA, Danish International Development Agency
- DanEduc Consulting (Discussion held in Danida Office)
- Technological Institute (Discussion held in Danida office)

FRANCE

- Ministère de la Coopération de la République Française
- OECD, Organization for Economic Cooperation and Development
- UNESCO, United Nations Education and Science Organization

GREAT-BRITAIN

- British Council
- Coopers and Lybrand
- ODA, Overseas Development Administration
- Peat Marwick
- Price Waterhouse

JAPAN

- APO, Asian Productivity Organization
- APIC, Association for Promotion of International Cooperation
- ITTO, International Tropical Timber Organization
- JICA, Japan International Cooperation Agency
- JETRO, Japan External Trade Organization
- JPC, Japan Productivity Organization
- Ministry of Foreign Affairs
- OECF, Overseas Economic Cooperation Fund
- OPMAC, Overseas Project Management Consultants
- SANNO Institute for Business Administration
- UNU, United Nations University

NETHERLANDS

- CEBEMO, Catholic Organization for Co-financing of Development Programmes
- HIVOS, Humanistic Institute for Development Cooperation
- ICCO, Interchurch Coordinating Committee Development Projects
- NOVIB, Netherlands Organization for International Development Cooperation

PHILIPPINES

- ADB, Asian Development Bank

U.S.A.

- Association of Schools of Public Affairs and Administration
- UNDP, United Nations Development Programme
- University of Maryland, International Development Management Center
- US-AID, US-Agency for International Development
- World Bank

WEST-GERMANY

- GTZ, Gesellschaft für Technische Zusammenarbeit

SWEDEN

- SCB, Statistics Sweden
- SIDA, Swedish International Development Agency
- SIPU, National Institute for Civil Service Training and Development
- Swedish Management Group

SWITZERLAND

- ICVA, International Council of Voluntary Agencies
- ILO, International Labour Office
- UNHCR, United Nations High Commission for Refugees
- WHO, World Health Organization

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