

FOUNDATION STONES AND BUILDING BLOCKS OF
INSTITUTIONAL DEVELOPMENT

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I.

Current interest in institution building on the part of developing countries and foreign assistance agencies underscores the need to identify the principal elements in the process of institutional development. The failure to recognize these elements -- the foundation stones and building blocks of institutional development -- to shape each one, and to put them together in some orderly fashion, is a major contributing cause of poorly executed technical cooperation projects and billions of dollars of undisbursed loans. A consequent result in scores of countries is slow progress in economic and social development.

For purposes of this discussion, we may define an institution as an organization staffed with personnel capable of carrying out a defined but evolving program contributing to social and economic development with enough continuing resources and support to assure a continuing contribution to the country's development. As this definition suggests, institution building in this paper is examined from the comparatively narrow view of the practitioner who is concerned with the development of a specific institution rather than the broader social perspective discussed by Milton J. Esman in his article on "Institution Building in National Development," IDR, Volume IV, Number 4, December, 1962. The writer is aware, of course, that in dealing with the process of development we use the term "institution" in a broad sense to include such matters as the institution of private enterprise, of public school education, of land tenure, etc. I submit that institutions thus broadly conceived must grow out of more limited and more tangible entities developed along the lines suggested in this paper.

Obviously, this brief paper can do no more than sketch a framework for institution building. The principle elements need appraisal in depth and greater specificity in regard to various types of institutions and substantive fields, stages of development, country needs and resources and the like. Nevertheless, pragmatic checks against success and failures in such diverse fields as taxation, civil service, universities, agricultural development, savings and loan systems, etc., in the countries of Latin America suggest that this framework is a useful device at this stage of our knowledge of the development process.

As we discuss the implementation of this concept, it will become clear that institution building is a long, complex and costly process. It requires a substantial investment in money and people with scarce talents. It becomes equally clear that developing countries and foreign assistance agencies must husband their limited resources and embark on only those institutional building endeavors which can contribute on a priority basis to economic and social development.

II.

The development of an institution, that is the modernization of an old one or the establishment of a new one, often begins with an able national who has learned about similar institutions through training abroad. Again, it may begin with a suggestion from a foreign expert or advisor or local political leaders or from pressures from the people for reforms. Increasingly it may start with pressure from international lending agencies. Sometimes all of these, plus other forces, combine to press for projects the objectives of which are essential to the economic and social development of the country. And yet, these well-intentioned pressures for development are often slow or unproductive because of inadequate attention to the process of institution-building.

The national who presses for progressive action often has been well trained in some technology or field of specialization. He knows budgeting, statistics, some phases of agriculture. He may have advanced degrees in education, economics, or medicine. He knows a technology. He usually identifies an important problem and is determined to do something about it. Only rarely is he aware of what must be done to make his program a success. When he does know what to do to build an institution, his training has rarely taught him how to do it.

Much the same thing can be said about the foreign advisor. He is usually an expert in a particular field or technology, for example, banking, housing, economic planning, budgeting. Only rarely does he have the battery of skills required in institutional development, and it is even rarer for the foreign advisor to be a person who has personally participated in the initial development or rebuilding of institutions in his home country.

Financial needs make developing countries pay close attention to the guidance of international lending agencies. These agencies give particular attention to the development of local financial institutions. Some require effective operating agencies. For example as a part of loans for power projects, they will usually insist on the establishment of institutions to develop and distribute power. Some are beginning to encourage more effective public roads administration as a condition of loans for building roads. Yet the vast pipeline of undisbursed loan funds, nearly \$5 billion from AID, IDB, and IBRD, suggests the need for far more action and effectiveness on the institution-building front.

III.

Let us turn now to some of the foundation stones essential to sound institution building. Let me stress at the outset that the time and attention given to shaping each of these foundation stones, the relative importance of each one, and the order in which they are developed must vary with the circumstances in each individual country and with the nature of the institution itself.

To earn the sustained support required for lasting growth, the institution must have goals responsive to the needs or interests of the developing country. This is particularly true of the public sector where, for instance, an art gallery to exhibit the Old Masters or a School for Study of 17th Century Poetry, no matter how worthy and important culturally, are likely to have little chance for survival in the competition for scarce resources. In the private sector the immediate goals sometimes seem in conflict with the long-range needs of a country, crying for capital for productive purposes, for example, which sees customers flocking to spend their money at the shiny new frozen custard store on the main street (just opened with foreign capital and entrepreneurial talent). Obviously this type of development cannot be carried too far, but the fact that a certain type of business is successful does suggest that it must be responsive to the interests, if not the long-range economic needs, of the people at a particular stage of development.

As a second foundation stone, there must be deep and widespread recognition that a problem or need exists. It is not enough that a young man trained abroad recognizes a problem. Nor is it enough that a president or minister of finance, responding to financial pressures, recognizes a problem. The awareness must be broad enough to provide a basis for a body of support with strength to overcome the powerful forces resistant to change. How broad this awareness must be will vary with the country and the nature of the problem. It may be sufficient if it exists among a particular interest group, or the power structure. Or it may have to be a significant force among the intellectuals, the politicians, or major segments of the population.

Agrarian reform is perhaps one of the most universal illustrations. The need for basic changes in the structure of agriculture and land tenure in many countries is obvious to most foreign observers, to many intellectual leaders, and to some politicians. And yet, little progress is made, in part at least, because there are not enough people aware of the extent and consequences of the problem to provide the widespread support for the few courageous political leaders who press for serious programs of agrarian reform. Gradually, as with civil rights in the United States, recognition of the problem becomes widespread and it no longer requires political courage of the same magnitude to advocate specific institutional changes to meet the problems which are widely recognized.

Recognition of a problem is a beginning, but it is not enough. There must be a willingness to work hard and at considerable cost to solve the problem. Foreign advice, influence, or pressure may well be important but it is local people who must be so concerned that they are willing to bring about the changes. This is not easy or comfortable. Powerful and respectable forces in society must be won over, neutralized, or defeated in a test of strength. Again, the size and strength of the group fighting to solve the problem will vary with the country and the problem itself. It must be large and strong enough, however, to carry the day against the groups who will oppose change and those who will stand on the sidelines and avoid the fight.

Take the case of university reform in Latin America where there is a growing recognition of the need for vast improvement in the education of the future leaders. This requires groups prepared to cope with problems of student control of the university and their perpetual "students" perfecting their skills of political leadership; of part-time faculty teaching for prestige and an honest conviction that they are contributing to their country; of inadequate measures of student performance. In the course of institutional change strong vested interests must change, however, willingly or reluctantly. The change cannot come just through intellectual debate or hand-wringing. Successful advocates of change must be prepared to count their votes before the Council meetings and be prepared to sit right through the dreary session until that decisive vote is taken at 3 a.m.

This illustration leads naturally to the identification of still another element--a group, large or small, willing and able to take the lead in working to bring about the change. With some knowledge of the technical field, this group must exercise initiative and skill in broadening the base of those willing to work actively for change. The leadership group must be able to operate at a level in the social, economic and political structure to gain support from within the power structure.

They must be "respectable reformers," like Roberto Campos in Brazil. In his Cabinet post of Minister of Planning, he can develop policies designed to bring economic stability to Brazil. At least of equal importance, he is in a position to win government support for his policies and to serve as their spokesman in the forums of public debate for gain acceptance for these often unpopular programs.

Foreign assistance agencies can play an important role in this aspect of institutional development through the training of future leaders in an environment of change away from their traditional societies. Often, too, they can be instrumental in identifying talent within the country and incorporating it into the group actively working for change. Perhaps a parenthetic note should be added because the road to change is rocky and rugged. The leadership group needs staying power to keep going after

setbacks, an area where foreign advisors can be of some assistance. Often, too, the leadership group needs the willingness and ability to work with foreign experts, a relationship which may be as difficult for the local leaders as for the advisors.

A fifth foundation stone is some degree of support within the power structure relevant to the particular institution. From a negative point of view, it must be recognized that in developing countries a handful of individuals can often block or delay change--a president, a minister, a leading banker or businessman, a large landowner. On a more positive note, the democratic base is narrow in most developing countries and change requires support from at least a few of those in power--political leaders, businessmen, the church, the military, the university. The process of institutional development requires that some of the leaders be persuaded that support of change will be more advantageous to the country and to them and their institutions than support of the status quo.

Finally, the new institution must have a high priority for commitment of people and money. No institution can operate without these two essentials which must come from the country itself. The other five foundation stones are important, but they are not enough. The country must be prepared to invest its own human and financial resources in the new institutions and the changes it is trying to bring about. This is no small order but success demands that the institution get enough good people and money so that it can go forward in competition with new institutions and the traditional drains on resources. This is no small order in developing countries which suffer from a dearth of good administrators, economists, engineers and other professional and supporting personnel required to develop and execute new programs.

These six foundation stones are essential for the building of sound institutions in the developing countries. I am not suggesting that all six must be fully developed before the institution is started. I am suggesting that a good start on all is essential. I am suggesting, further, that any weaknesses in the foundations must be strengthened by the institution itself. And finally, I am suggesting that the country itself, the institution itself, and the foreign assistance agencies must program these difficult and time-consuming efforts to strengthen the foundation stones if their efforts to build strong institutions are to have much chance for success.

IV.

With the foundations reasonably firm, we can now consider some of the other essential elements, the building blocks of institutional development. Let me repeat an observation made earlier. The relative order in which each building block is developed, the degree to which each is polished is a matter of judgment based on a pragmatic analysis of the local situation plus the capacity to capitalize on local interest and events of the moment. Furthermore, the building blocks are never finally completed but are continuously improved, reshaped and refined as the institution responds to its own maturing needs and to the ever-changing needs of the developing country.

(1) Every institution needs some sort of legal framework. Perhaps a simple statement of purpose will suffice. A complex charter or law may be required. The legal framework cannot be solely the handiwork of lawyers. It needs technical, legal, and political consideration. The definition of purposes requires a knowledge of the field of activity, both theoretical and practical, and an understanding of what is feasible in a country at a particular time. Illustration of failure to give adequate attention to this building block are legion. One will suffice. In an effort to increase revenues and to push land reform one country adopted a highly advanced scheme for taxing rural lands. The legislation, clearly the product of sophisticated economists, was hailed as a major step toward agrarian reform but it could not possibly have significance because the country lacked a system of land classification and the administrative capacity to execute a complex program.

Also, there is a need for a techno-political judgment of the desirable breadth of program, particularly in its early stages. This last point perhaps needs some elaboration. Where an institution is introducing a new, and as yet unaccepted, concept, a difficult choice may be required. Should there be broad acceptance of the principle, e.g., employment on the basis of merit, prior to enactment of comprehensive legislation which, hopefully, can then be enforced? Or should comprehensive legislation be enacted with the expectation that the new institution will be able, over a period of years, to gain acceptance and compliance? Or should more limited legislation, within the capacity of the new institution, be enacted with the hope that more comprehensive legislation will be feasible in the future?

Two very practical considerations affect the efforts of the country and the foreign assistance agencies in this aspect of institutional development, particularly with regard to institutions in the public sector. One is the need for quality legal draftsmanship, a skill often in short supply. The other is the ability and skill to steer the measure through the legislative process in such a way that the final legislation still provides a reasonable sound basis for institutional development.

(2) Institutionalization designed to develop and gain acceptance of new values and methods requires an organization of some type to initiate the process and carry it forward. Whether public or private, its place in the scheme of things must be defined, e.g., whether it is to serve as an advisory unit to the President or as a staff unit in the Ministry of Finance, whether it is designed as a single store or a national chain of supermarkets. In turn, its internal structure, basic policies, and internal operations require definition and adjustment for the preliminary, transitional, and continuing stages of the institution. Within this context, organization cannot be plotted as a textbook exercise. It must be developed with consideration of program and policy direction, resources, availability of personnel, the cultural patterns of the community, and perhaps most important, measures required to achieve the objectives of the institution.

Colleges of agriculture in Latin America illustrate the critical importance of program-oriented organization and administration. For a variety of reasons, almost no boys from rural areas qualify through the public school systems for admission to the universities. Consequently, the colleges of agriculture are either poorly attended or are filled with city boys, who, for the most part, will not work and live in rural areas and who are unable to communicate with the farmers. To meet this situation, one college of agriculture included a high school or preparatory school as an integral part of its modernization program. Because of the deficiencies in rural education which could not be fully overcome through the special high school, the college had to make some compromises in its standards. Foreign advisors helped the college raise its standards, in part by divorcing the agricultural high school and turning it over to the regular school system. The results to date suggest that academic standards have been raised but the country's development efforts may have been set back because the country boys fail to qualify and city boys are once more taking over the agricultural college.

(3) Without adequate funds, obviously there can be nothing more than a paper institution. In the case of new institutions, there are likely to be few guideposts for projecting capital and operating needs. Nevertheless, they must be planned as realistically as possible with due consideration for program, organization, and staffing requirements and for the realities of the country's financial situation. Aiming too low, the infant institution may be crippled from the start; aiming too high, the institution may be condemned as too costly, or perhaps worse, the institution may set itself up as a juicy plum to be plucked by politicians or power-hungry bureaucrats.

Financial planning is not enough, of course. The money must be obtained. New public institutions must learn to maneuver through the executive and legislative budgetary by-ways; private sources accustomed to high returns on safe investment and the development-oriented institution is likely to have a hard time competing with the high, safe returns from luxury housing in the capital cities.

Revitalization of old institutions poses financial problems of even greater magnitude. The new-old institution must convince friend and foe that it really is new and different and, therefore, warrants a different level of funding. This is no mean task when there is little more than faith in a new approach. Budget and fiscal men in the public and private sector in developing countries are not much different from those who control funds at home; they are hard to persuade to open their purses on faith alone.

(4) The first order of business, obviously, is to find the right person to promote and head the new or revitalized institution and give him key people who can help in planning and direction. Difficult in any country, this task is more difficult and more important in developing countries because of the limited number of qualified, experienced individuals. Selection may not be easy because of the dearth of individuals with adequate technical training and managerial competence, limitations imposed by the political structure, and the social patterns of a particular country.

Initial staffing is only the beginning, of course. Attention must be given to permanent staffing and the kind of personnel system that will meet the continuing needs of the institution. This may be difficult in countries which give weight to formal education and little or none to practical experience. It may be even more complex for public institutions in countries lacking prestige of the public service and with wholly inadequate pay structures.

The personnel problems in modernizing older institutions are even more demanding. Special problems arise, of course, in different types of institutions. By way of illustration, just consider the personnel problems in modernizing a university where part-time professors with absolute tenure teach for prestige and little money, where full-time professors are unknown, and research and community service are not traditional. Or consider the personnel implications of converting the banking system from traditional commercial banking to development banking with its different values and different objectives.

The first four building blocks are essential to the development or redevelopment of almost any institution. Two others, often given priority out of proportion to their importance, are building space and equipment and facilities.

(5) No institution can operate without a home, but there is a tendency to locate development institutions either in building space no one wants or in luxury quarters they can ill afford. Effective use of space, the appearance of the building, office layout, adaptation of space to maturing needs of the institution, and maintenance may be minor matters in institutional development, or there may be problems of considerable magnitude that require specialized attention. In this regard the appearance

of the offices, desk arrangement, color of paint, and style of furniture may be important factors in working conditions and morale and the public image of the new institution. Certainly one of the factors in the success of the tax training center in Chile has been the attractive, functional quarters and facilities which created a setting of modernism in sharp contrast with traditional governmental activities. I would stress that space is not a thing apart; it is an essential ingredient of institutional development. Heat and light in the library, for instance, have been known to be the turn-key in converting an economics library from a little-used collection of books to a center for learning.

(6) The modern institution cannot operate without typewriters, telephones, and calculating machines. No special problems may be involved in small institutions. In the large ones the nature and dimensions of the equipment may be of major proportions. Should the Tax or Census office, for example, use hand tallies, conventional data processing, or ADP in this particular country at this particular time? These questions often may go to the heart of the operation now and 10 years hence. They require analysis not only of the capacity of the machines and the systems, but of the capacity of local personnel to develop the systems and make them work. The interest of many countries in machines as status symbols, the dearth of trained systems men, poor machine maintenance, and the costs and relative inflexibility of machine systems must be weighed against the forward progress possible through modern equipment.

Four other building blocks are critical to the development of effective institutions. Each of these blocks is complex within itself, but the problems of development are multiplied by the fact that these blocks must be shaped and reshaped continuously in relation to progress in other areas. These four blocks are Operations, Public Relations, Planning, and Training.

(7) When all the analyses, planning, budgeting, and staffing are done, they are only the beginning; the real payoff for any institution is its successful operation. The improved seed must get to the farmers and be planted, crops harvested, and sold at a reasonable price. The plans of the planners must be converted into laws and action programs which change economic and social patterns. Farm credit institutions must extend credit to farmers at reasonable rates at the time the credit is needed. This means that when a U.S. Land Grant University undertakes responsibility for helping to set up a credit system, it must be prepared to furnish not only the skills of agricultural economists and credit theorists, but of experts who can train local loans officers in the systems and techniques of processing loans. They must be prepared to provide help on both what to do and how to make it work.

Few developing countries have enough managerial skills to get programs into operation efficiently, promptly, and at a reasonable cost. Getting a new institution, or new program, into high gear is difficult anywhere. The problems are even more difficult where the whole institutional complex is designed to preserve the status quo and to resist change. Almost every institution must overcome significant roadblocks in the form of traditional practices outside of its control. In Latin America, for example, public institutions seeking dynamic reform programs must cope with a legal system permitting little administrative discretion and a fiscal system that requires minutely detailed central pre-audit and post-audit. Private institutions, too, are subject to a wide variety of governmental controls.

Foreign and local managers and advisors who know "how to get things done" are rare. Management techniques are useful, but they must be blended with subject matter knowledge, political sensitivity, knowledge of the culture and a variety of other factors. Furthermore, little has been written to provide guidance on the complex process of getting a new or revitalized institution into operation. Nevertheless, the new or modernized institution must show results quickly and dramatically before the forces of traditional society close in and kill the effort before it is strong enough to survive.

(8) New or revitalized institutions need support from the general public, from the intellectuals, from political leaders, from the bureaucracy, and from their own clientele. Often the problem of relationships with individuals and groups become a personalized matter, something to be handled by the head of the agency or other key individuals. Despite the personal aspect of administration in developing countries, there is frequently need for informal foreign advice in this area. In other cases, public relations is considered solely a matter of press handouts.

Public and private institutions, in many of the developing countries, rarely think of building relationships at every point of the way--in the handling of correspondence, in the design and appearance of forms, in the appearance of their premises, in their program operations, in their reporting to the public, and to others on their accomplishments and their problems. Old organizations may survive through inertia, but institutions designed to change things are bound to step on the toes of individuals and organizations of power and influence. These institutions must depend for survival on their capacity to win support at least one vote stronger than those who favor the status quo.

The winning of support--the fight for survival--may well involve a basic conflict with the technical training of local leaders and the technology the foreign advisor brings with him. As a case in point, the survival of one of the few Civil Service programs in Latin America is due in large measure to the initial priority of public support over technology. Civil Service did not wait a year or two to set up some sort of orderly

scheme of classifications and salaries. The paint was barely dry on the office walls when Civil Service began a program of recruitment and examinations. The examinations were jerry-built. Problems of placement were difficult with every ministry and division paying different salaries. But the effort won support of the public, employees, and political leaders, and helped the young Civil Service survive and buy time to improve its technology.

(9) Almost every developing country has a goodly number of intelligent, able, competent men and women. Their education and training, at home and abroad, however, have equipped too few of them for the complex problems of the planning and execution of development programs. The tools they need are, at the same time, products of industrialization and essential elements of further industrialization. Individual foreign advisors and training abroad cannot fill the gaps. This suggests the need for institutions which can equip an adequate number of young men and women with the subject matter, knowledge, analytical and administrative skills and provide them with the tools required for development and institution building. This is not solely a matter of training leaders. Sound manpower analysis will show that many countries are handicapped by the number and quality of sub-professionals, technicians, and office workers. Unless adequate early attention is given to meeting the total need for trained manpower, there will be a serious slowdown in the whole process of institutional development.

In the area of training, problems of foreign assistance are complicated because few advisors and professors have the range of technical training and experience that equates the range of demands in the developing countries.

(10) Planning is another building block of institutional development. The establishment of goals, target dates for action, the scheduling of work programs, the measurement of accomplishment are key elements in the process of institutional development. They help control the pace of development, may keep promises within the realm of the feasible, and help to provide a measure of progress essential for the maintenance of public and political support. Unusual problems are involved as this type of planning and measurement, as well as efforts to keep on target, are not common in developing countries.

Planning presents particular challenges to the foreign assistance agencies. Planning is not common to the culture of developing countries and the donor countries are still at early stages of the planning process. Furthermore, in the process of recruitment there is a premium on technical subject matter and it is rare that the subject-matter specialist is equally expert in the area of planning for institutional development.

(11) The capstone of institutional development is technology. In a broad sense, the purpose of institutional development is the establishment of mechanisms for the development, dissemination and application of technology contributing to economic and social development. This concept presupposes a definition of technology that is far broader than the increasing specialization in depth in the more developed countries.

Technology, as the final building block, goes well beyond the methods and techniques used in a biological or engineering laboratory or in teaching a class in home economics. It encompasses the acceptance of the scientific approach, foreign to many cultures, and the dissemination of the results of laboratory, classroom and office work for application in the developing country.

Rural development, for instance, may run the gamut from national planning for agriculture, through pricing policies, credit, marketing, storage, organization of ministries of agriculture, cooperatives, rural schools, better seed and fertilizer for rice and beans, to improved production on commercial and subsistence farms. Technology in public administration may well encompass decision-making on national policy, the role of public enterprises, the introduction of new methods and procedures in ministry operations. The technology of economic planning may start with econometrics and problems of balance of payments, may include fiscal policy, organization of planning functions in the Planning Board and the ministries, selling of economic policies to the president and cabinet, appraisal of capacity to execute plans, and the winning of public support for economic programs. Comparable illustrations could be presented for education, transportation, business and industry, and other areas critical to social and economic development.

The element of technology poses, perhaps more clearly than any other, the dilemma confronting the foreign assistance agencies, their advisors and experts, and local technicians and officials. Almost every country wants the most advanced technology--automatic data processing, laboratories for research on improved crops, a nuclear reactor, model building in economic planning, a first-rate medical school, machine scoring of Civil Service tests, and so on. Almost every country has a handful of men and women, usually trained abroad, competent to handle such advanced technology. In turn, the foreign experts are among those who have succeeded in their professions at home, success ordinarily measured in terms of mastery of advanced technology. After all, who would pick an expert whose techniques were 20 years out of date? These advanced technologies may save a country decades in the development process.

And yet, the developing country may be at precisely the stage where some of the techniques of 20, 30, 40 or 50 years ago may be required for forward progress. A program to make the people aware of the germ theory may be more important to rapid progress in health than the most modern

biological laboratories. The village blacksmith may well be the key to industrial and rural development in some parts of the world.

The answer seems to lie in finding the right mix of new and old within the capability of the country and within its priorities of human and financial resources.

V.

Recognizing the wide variations among the developing countries and the foreign assistance agencies, the foregoing analysis of the foundation stones and building blocks of institutional development, nevertheless, does suggest a number of generalizations for further consideration.

First, much more study needs to be given to the process of institutional development itself. All of the elements sketched in this paper warrant treatment in greater depth. New elements might well be developed, some consolidated or eliminated. Furthermore, there is need for greater elaboration of the particular problems growing out of the different cultural, political, social, and administrative patterns of different areas of the world. Each of the foundation stones and building blocks may well warrant further study in relation to various types of institutions as well as particular country situations.

The research and training in the field of development is gaining encouraging momentum each year. The small inter-university group under the leadership of the University of Pittsburgh is an example of pioneering effort in this field. At the same time, one would hope that efforts to research institutional development from the economic and sociological perspective could be complemented by exploration of the politico-administrative approach used in this paper. We need to get greater understanding of the process of institutional development as a field of knowledge. We need also to provide the administrators, the planners, and foreign advisors with the "handles" they can use to get hold of the problem in a practical way. It is hoped that this paper may be a small first step in this direction.

Second, much more time and effort must go into laying sound foundations for institutional development. There is an understandable tendency for the young leader or technician to want his country to move forward by establishing institutions comparable to those he has seen abroad. Often the foreign assistance agencies want the same thing. Some of these new institutions succeed, but many achieve only limited objectives or survive only because they are propped up by outside support. I submit that not infrequently faster progress would result if more attention were given to a determination of what is required to bring about change before a particular institution is established because often this type of analysis would lead to priority for a different type institution. I further submit that

in many instances five to ten years of building support and understanding would lead to firmer institutions and more rapid social and economic progress than some of our current practices. Put another way, there is need for strategies and tactics of institutional development in each country.

Third, advisory assistance in institutional development is more than a one-man job. Fully recognizing the wide variations among countries and institutions, the inputs required are so varied that one advisor or expert will rarely possess all the knowledge and skills required. Furthermore, because of the importance of timing in the development process, some type of arrangement is required so that the necessary specialized advice can be brought to bear at the time it is needed. In addition we must recognize that advanced subject matter knowledge is not enough; outmoded techniques at home may fit the needs of countries starting up the ladder of development. We must recognize, too, that the team of foreign advisors are not just technical experts; often their most important work is to motivate their local counterparts to take action and build up their skills for action in the local environment.

Fourth, the costs of institutional development are high in financial and human terms. Institutions rarely get built in two or three years. Five to ten years would be more nearly normal and often 25 years would be more realistic. The foreign assistance agencies must be prepared to provide sustained support during the development period and at least early operations. Some type of interrelated technical and financial assistance will be required in most instances, because most institutions will require some type of outside capital to carry forward various aspects of their development programs and financial pressures may be the strongest inducement to implement the recommendations of the foreign advisors. At least of equal importance, the developing country must be prepared to invest its scarce trained people in the institution over a period of years and to give them the program and financial support they require. Though foreign advisors may be helpful in obtaining this local backing, foreign advisors cannot succeed unless the local institutions have adequate local resources-- support, manpower, and money.

Finally, there is need for a significant step-up in practical training in the process of institutional development. Even among countries approaching the stage of take-off for economic development, serious institutional weaknesses are evident. In other countries, serious institutional weaknesses are likely to retard social and economic development for another 50 or 100 years. Though the research and studies referred to above are of great importance, time will but wait; over the years practitioners and operating agencies like AID, UN, FAO have acquired experience that can and must be tapped for training purposes while we seek knowledge in greater depth. One answer may lie in an imaginative blending of the practitioners and academes in new types of training program. Meanwhile the training of local leaders and technicians and foreign advisors in the subject matter, the processes, and the skills required for institutional development must be stepped up on a scale commensurate with development needs.

VI.

In summary, we have identified six foundation stones and eleven building blocks essential to the development of sound, lasting institutions. They are summarized in the accompanying chart. We have stressed that the order in which they are developed and the time and attention that each requires from local officials and foreign advisors will vary with the situation in each country as well as with the type of institution.

Obviously, in this brief presentation we could do no more than suggest the nature of each of these 17 elements. Each element needs much more development with regard to varying country situations and particular types of institutions. Nevertheless, the politico-administrative approach to institutional development appears to offer a fruitful area for study, either along with the economic and sociological, or perhaps even as a means of integrating the other two in order to speed the process of development.

While research refines the concepts, we believe these elements provide a useful base for improving understanding of the institutional development process. They have already proved useful for training personnel of foreign assistance agencies. We believe they provide a framework for a vast step up in training administrators and technicians who will speed the processes of development in their own countries.

Finally, the identification of the complex of elements in the process of institutional development suggests that foreign assistance agencies need to reexamine traditional approaches to technical assistance.

INSTITUTIONAL DEVELOPMENT



