

UNCLASSIFIED

Country Development Strategy Statement

FY 1986

EGYPT

ANNEX I

INSTITUTION BUILDING: LESSONS
LEARNED FROM EVALUATION



APRIL 1984

Agency for International Development
Washington, D.C. 20523

THIS STRATEGY STATEMENT HAS BEEN PREPARED BY THE
A.I.D. FIELD MISSION. IT IS PREPARED ANNUALLY AND
USED FOR PLANNING PURPOSES IN THE FIELD AND IN
WASHINGTON. IT DOES NOT REPRESENT OFFICIAL AGENCY
POLICY!

**

*

CONTENTS

	<u>Page</u>
I. Introduction	1
II. The Concept of Institution Building	2
III. Lessons Learned on the Limitations to design for Institution Building	3
IV. Lessons Learned on the Limitations of Implementing	7
V. Lessons Learned for Success in Institution Building	9
VI. Conclusions	12

Annex I

INSTITUTION BUILDING: LESSONS LEARNED FROM EVALUATION

I. Introduction

Agency policy regarding "institution building", issued in March, 1983, assumes that "missions will incorporate into their country development strategies, sector assessments, and project analyses a more complete analysis of host country institutional performance." Independent of this policy paper, USAID/Cairo had begun to recognize patterns in its experiences in institution building and institutional performance in Egypt and had begun just such an analysis. While our performance in institution building to date has been mixed, we believe that this current analysis has brought to light some lessons that will serve to establish a more consistent record of successes in the future. By avoiding our past mistakes and repeating our successes, we should be able better to assist Egypt in building permanent and useful institutions.

Many of the patterns perceived in USAID/Cairo experiences are similar to the Agency-wide experiences outlined in the Agency's Program Evaluation Discussion Paper Series (No. 11, "Effective Institution Building: A Guide for Project Designers and Project Managers Based on Lessons Learned from the AID Portfolio," by Stanley A. Barnett and Nat Engel, March 1982) and in the aforementioned AID Policy Paper, "Institutional Development" (March, 1983). The specific context of Egypt, however, provides both some variations from the world-wide experiences and a greater detail of analysis than is possible on an aggregate basis. For example, in discussing the design needs of an institution building project on a world-wide basis, it is impossible to analyze cultural and social influences affecting progress and problems in any but the most general terms; likewise, host country policy implications for institutional development must be left unspecified.

Most of the discussion contained in this paper is based on USAID/Cairo's recent evaluation findings. The early sections of the paper focus on this past experience and the lessons learned from it. Later sections then focus on how the design and implementation of present and future institution building projects can be improved.

II. The Concept of Institution Building

What does AID mean by "institution building"? According to the AID Policy Paper, institutions are both "specific organizations" and something "broader and more fundamental... such as financial and commodity markets, systems of land tenure, and legal institutions." It seems clear, however, that institutions are considered more than just organizations; rather they are organizations with improved "policies and procedures."

While AID policy seems to be relatively clear as to what its objectives in institution building are, this policy in practice faces two major, often very interrelated, problems. First, it is not clear what AID perceives as the means necessary and sufficient to attain its institutional objectives. Exactly how does AID expect to achieve its institutional ends? AID's institution building projects typically seem to rely on the assumption that a collection of activities (training, technical assistance, construction, procurement, etc.) will add up to a viable, self-sustaining "institution." While the Barnett and Engel discussion paper does identify and discuss components of institution building and offer suggestions to improve on current performance, it does not seem to challenge the conventional AID wisdom on how to approach institution building.

The second, more fundamental, problem we face in achieving institutional development is that institutions are of necessity an integral part of a society and a culture. As a Western institution itself, AID inevitably may experience a great deal of difficulty not only in assisting a

non-Western country to build appropriate institutions but, more importantly, in assisting a non-Western country to define its institutional needs. By its very definition of institutions, AID reveals its own cultural perspective; "improved policies and procedures" are not an absolute, rather they rely on the eye of the beholder.

Thus, while AID has a clearly defined objective in institution building, it has not articulated the means to the ends -- and the problems inherent in those means -- so clearly. This does not need to imply that AID's efforts in institution building are useless or futile; however, it does mean that we need to recognize the limitations within which we work and to structure our activities and our expectations accordingly.

III. Lessons Learned on the Limitations to Design for Institution Building

The problems encountered in the design of institution-building projects are a complex interaction of procedural and cultural limitations. First and foremost, AID's expectations in designing for institutional development are often wildly unrealistic. In part, these expectations are the results of the AID bureaucratic process that forces institution building into a five year project timeframe. Institutions do not -- and cannot be expected to -- move and develop on predictable and regulated schedules. They are, after all, a collection of individuals, with all the unpredictability and spontaneity associated therein. It is here that cultural differences arise to complicate expectations even more. While AID might be able to schedule institutional development in a culturally similar environment with a certain degree of accuracy, the institutional expectations, the perspective of time, and the approach to social interactions of a culturally different host country all may serve to inhibit predictability. In designing an institution building project

around a tightly organized and highly structured timetable -- particularly one with a relatively short lead time and completion date -- AID almost guarantees a shortfall in institution building achievements. This has been demonstrated in recent evaluations of USAID/Egypt projects such as Vehicle Maintenance Training, Low Cost Housing and Community Upgrading and University Linkages. In this latter evaluation report, the team states that "when viewed from its originally scheduled timetable, this project is a year and a half behind... (However)...the question of project timing in this case seems analogous to that of whether a glass is half empty or half full. That is, the standard against which the project is judged as seriously delayed is an arbitrary and wildly unrealistic original schedule that anticipated an organization's establishment and institutionalization in only five years."

In the case of Egypt, at least, the problem of expectations is frequently not only a matter of implementation -- timing, approach, etc. -- but also of objectives. That is, often the institutional outcome of a project that Egyptians expect may not match AID's vision. The most obvious example is that of private sector development and reliance on market forces to determine the feasibility of an activity. Based on decades of socialism and millenia of centralized, autocratic government, Egyptians often may not perceive the development of private sector institutions and market mechanisms as a desirable or necessary objective. The Egyptian perspective stands in striking contrast to AID's Western perspective, based on a history of several centuries of capitalism and individual initiatives. This difference in perspective has been documented recently in the evaluation report for the Development Decentralization I project: "According to the Project Paper and related LDF materials, the purpose of LDF projects is to stimulate income producing activities whose profits may be either reinvested or disbursed to the village Special Account for income-generating or social welfare activities. However, discussions with village project staff reveal that they have a different perspective

on their projects' purpose. Almost all Head Executive Officers (HEO) said that their LDF project was intended to increase the supply of basic goods and services (especially food) at lower than market cost."

In terms of design for institution building projects in USAID/Cairo, this difference in institutional objectives based on different cultural perspectives typically has resulted in one of two things: a project designed in isolation from Egyptian expectations and culture to suit Western institutional objectives, or a project that attempts to straddle the two cultural perspectives by grafting pieces of the two together. In practice, neither has worked exceptionally well, though, if carefully, thoughtfully and logically structured, the latter has a better chance of succeeding than the former. Certainly, without host country understanding and active support, no project can succeed. (See for example, the positive instances of the Small Farmer Production and Suez Community Health Training projects, where active Egyptian support and leadership have contributed significantly to project progress.) The obvious task for future design is to identify institutional objectives that meet clearly articulated and mutually agreed areas of need, approach and expected outcome. The danger is in trying to integrate incompatible or illogical parts into an institutional whole.

Host country understanding and support, however, is likely to be inhibited by the typical AID design of institution building projects. Such projects tend to identify the means to an institutional end as a collection of components: training (usually in the U.S.), equipment procurement (usually mistakenly termed "technology transfer"), physical construction (an "institution" in the most basic sense), and technical assistance. In project design, these components often are treated as

separate and distinct entities, independent of one another. While this may not be inappropriate as a starting point, there seems to be a design step missing, i.e., that which draws together these components into a whole. As will be discussed again in the following section, the frequent AID design assumption that the pieces will fall naturally and automatically into the whole -- or even that the sum of the pieces will equal the whole -- are not necessarily valid or appropriate. Several recent evaluations have addressed this problem. The Applied Science and Technology project evaluation report, for example, states: "The specific research, training and infrastructure accomplishments supported by the project to date, although very important, do not in themselves constitute institutionalization of an R&D management system." Further, the Poultry Improvement project evaluation report states: "The project design failed to explicitly link the research (outputs) conducted under the auspices of the project with those individuals and institutions involved in planning and implementing programs in the poultry sector."

Lack of cultural agreement on institution building can extend from fundamental objectives down to mundane operating procedures. Frequent problems cited in institution-building in Egypt are inadequate or inappropriate organizational staffing (most often the result of inadequate wage and incentive structures, itself a more fundamental policy problem) and authority and organizational structures that are not conducive to achieving the institutional objectives as prescribed in project design. (See, for example, evaluation reports for University Linkages, Vehicle Maintenance Training, Tax Administration and Strengthening Rural Health Delivery.) Many of these problems are the result of different cultural approaches to organization: different decision-making criteria and processes, different definitions and styles of management, and so on. AID's primary lessons from these experiences are to acknowledge and accept existing cultural constraints in the short run and to enlist the help and support of the host government in

resolving them appropriately in the longer run. In some instances, AID may need to work around cultural constraints; in other cases, the process of institution building itself may relieve the cultural constraints. For example, training in management and administration at a U.S. institution or by a U.S. technical assistance team may lead to a gradual shift in Egyptian perspectives on management and administration that are, in AID's perspective, more conducive to self-sustained growth and development.

IV. Lessons Learned on the Limitations of Implementing Institution Building

The problems addressed in the preceding section of design for institution building naturally are translated into implementation problems as well. The most frequent and obvious problem in implementing institution building is in drawing together the various project components into the whole to create a functioning, self-sustaining institution. While careful and thoughtful project management can ensure a certain degree of integration of the parts, there are inevitable realities in implementation that necessitate at least some independence among the components. For example, given a five year project timeframe, trainees sent to the U.S. for long term training will not return to staff an institution until close to the end of AID's project assistance. Equipment may arrive, but the local construction contractor may not be able to complete the physical plant within the project schedule. The technical assistance contract may take longer than expected to negotiate; therefore, equipment specifications may be readied and trainees selected without the expatriate support as planned. Given the reality of development work, there is a certain necessity in maintaining these various components in relative isolation from one another if any is to progress and be completed. But the result very often is that AID's management loses sight of the project's institutional objective and that

the host country, too, becomes confused and its activity unfocused. The tendency then is to see achievement of each component as an end in itself rather than as part of the means to the end.

This problem is complicated by the frequent lack of clearly defined and outlined roles and responsibilities in project implementation. Where confusions or disagreements arise, a sense of purpose and direction may be difficult to maintain. Where an additional actor (beyond the USAID and the GOE entity) is involved (i.e., a technical assistance contractor), the problem is likely to become more complex. A technical assistance contractor often may be included in an institution building project either without a clearly defined role or purpose or with an overly dominant role (where institution building is done for rather than with and by Egyptians). In the case of Egypt, where there are a great many well-educated and capable individuals assigned to project activities, this technical assistance sometimes can be offensive to national pride and consequently counterproductive to project objectives, as Egyptians and contractors vie for responsibility in project implementation and achievements. In other cases, where Egyptian culture demands respect for and deference to authority and courtesy to strangers and does not demand risk taking and immediate action, Egyptian project participants may abdicate responsibility to contractors (particularly where contractors may not be culturally sensitive), therefore lose the learning experience for themselves. (For examples of contractor-host country problems, see the evaluation reports for Agricultural Mechanization and University Linkages.) Whether or not the technical assistance is useful and productive depends in part on one's cultural perspective (i.e., the extent to which Egyptians are taught to do things in the "American way" vs. to identify their own needs and solutions) and on how clearly defined the need, the purpose and the role are.

Cultural differences in design arise again in implementation in the role of host country leadership in the success or failure of institutional development. Where there is not a mutually understood or agreed institutional objective, there can be little expectation that local leadership will support project activities. In the Egyptian case, the problem is compounded by a cultural and governmental system that offers few rewards for rapid change. Institutional development requires hard work and effort from host country participants, yet the Egyptian Government's wage and incentive policies do not provide adequate reward for the level of effort required. (The evaluation report of the Vehicle Maintenance Training project offers a particularly strong example of this.) Moreover, the long history of government centralization and autocracy does not reward individual risk taking or decision making. (See the Applied Science and Technology project evaluation: "Decision-making is highly centralized, relatively little authority is delegated and individuals at various levels tend to retain firm control over their assigned responsibilities and the information pertaining to the exercise of those responsibilities.")

V. Lessons Learned for Success in Institution building

Having discussed what does not work in our experience with institution building, we now need to note what does seem to work. Most of these points should be obvious from the preceding two sections, but deserve mention in their own right.

In USAID/Cairo's experience, institution building appears to have been somewhat smoother and perhaps more successful where existing institutions are strengthened than where new institutions are initiated. In stating this, however, we caution that the evidence for this statement is based

on a comparison across evaluation reports, therefore prone to subjectivity. Nonetheless, that such a trend should exist seems logical for several reasons. First, there is a greater chance that the purpose of working with an existing institution: 1) may be understood and agreed upon by Egyptians and 2) may be culturally appropriate and acceptable. In addition, there is a greater likelihood that an existing institution is or can be integrated meaningfully in the larger Egyptian institutional framework and is or can be located and organized in a way that makes sense to Egyptians. In other words, by virtue of working with an organization that was initially Egyptian, there may be a greater opportunity for that organization to maintain and capitalize upon its "Egyptian-ness", therefore be perceived as useful and necessary. In addition, strengthening an existing institution is less likely to be threatening to other existing organizations with responsibilities tangent to it; this then may decrease the possibility of competition for resources and attention to the target institution. (While evaluations and other documentation do not address this directly, the degree of progress to date on such projects as Small Farmer Production, which works with an existing institution, seems attributable at least in part to the extant organization; at the same time, the slow progress compared to expectations in such projects as Development Planning Studies, which is developing a new institution, must be due at least in part to the lack of existing structure, procedures, role, etc.) A second reason that strengthening of existing institutions should be more successful is that adequate staffing should be less of a problem. In Egypt, where wages and

incentives often are extremely low, individuals will take on two or three jobs in order to increase earnings. Thus, often when a new institution is created, it is staffed by individuals who already are employed elsewhere and who cannot devote their full time and energies in helping to establish the new organization. (See the evaluation report for University Linkages, for example.) While this problem cannot be precluded through strengthening existing institutions, it appears less often as a constraint to institutional development in evaluation findings. It needs to be stressed, however, that strengthening existing institutions is not without problems. Unlike new institutions, existing institutions may be more prone to bloated and entrenched bureaucracy with low fixed pay scales and low morale and productivity. There thus are potential tradeoffs in promoting stronger existing institutions over building new ones; on the whole, however, we believe that in many instances there are more advantages in encouraging existing institutions in improved skills and procedures than in building altogether new organizations.

Complementary to the above is the other major area of success in USAID/Cairo's institution building experience: working with institutions that have a clearly specified, mutually agreed upon, relatively simple focus. Whether an institution is existing or new, the potential for loss of direction in implementation obviously is diminished greatly when the objectives are easy to grasp and articulate by all parties involved and when there is a mutually held enthusiasm for achieving that objective. Based on a very limited sample of evaluations, it does not seem to matter if the institution is national or local in its scope of services or if it is in the public or the private sector. The important thing seems to be that all parties agree on what the institution's purpose is and where it should be headed. (The progress to date of the Suez Community Health Personnel Training project gives strong support to this point.) In this latter regard, it seems useful to mention policy implications in

institution building. Although evaluation information is insufficient as yet to state that institution building experiences are linked in any directly identifiable way to policy issues, it seems reasonable to assume that, in "policy laden" areas, mutual agreement on institutional objectives and directions is likely to be less than in "policy neutral" or "policy agreed" areas. The best example of this in Egypt's case is the question of tariffs and rate structures for public utilities. Where, as a matter of policy, utilities do not levy sufficient charges to maintain and operate services, there obviously will be an absence of policy agreement with AID. Not only will lack of agreement inhibit progress but also the lack of sufficient operating and maintenance funds will allow little hope of significant institution building in a very real and tangible sense. While policy is not the only area in which agreement between AID and the host country is necessary in order to succeed in institution building, we may find (with increasing information available) that the absence of agreement in this area inhibits institution building significantly.

VI. Conclusions

Based on the above, USAID/Cairo has some lessons that can guide it in future institution building efforts:

1) Egyptians should be involved actively and prominently in both the identification and articulation of a general problem and its solution. Where AID does not agree with the Egyptian definition of the problem and/or its proposed solution or where Egyptians are not willing or able to define the perceived needs and means, the options should be either to avoid participation or to engage in discussions until agreement is reached. Where AID identifies the problem and/or the solution without active Egyptian support and understanding, the institution is not likely to succeed. (It should be noted that agreement may need to be limited to

a certain level of generality and flexibility. Since, by definition, institution building often involves learning to identify and solve problems over time, AID must avoid a potential "Catch 22," in expecting a host country to know in advance what the project intends to promote and enhance.)

2) The objective of the project -- and the institution involved -- should be clearly understood, mutually agreed upon and simply articulated. The objective may be broad or narrow, but there should be a firm sense of direction and of the means to get there. AID should not attempt to please everyone by adding a component for every special interest group. Instead, it should help Egyptians to design a project that will achieve the clearly articulated objectives logically, directly, and without complicating components.

3) The relative roles and responsibilities of all parties involved in the implementation of institution building projects should be laid out and understood by all. Where technical assistance is deemed necessary (and it may not be in all circumstances), its role should be defined and explained especially clearly; particular care should be taken to avoid technical assistance contractors' doing work for Egyptians rather than with them. Where Egyptian participants are not accepting responsibility -- or where technical assistance contractors are not allowing them to -- AID should consider withdrawing its support.

4) Institution building should focus on the strengthening of existing organizations rather than the initiation of new ones wherever possible.

5) In the design of institution building projects, AID needs to ensure that (a) all components are necessary and sufficient to the achievement of the institutional objectives (for example, are technical assistance and/or construction really necessary?) and (b) the mechanism by which these components are drawn into a viable, self-sustaining institution is articulated and kept in focus throughout implementation.