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THE EVOLUTION OF
CURRENT PERSPECTIVES ON
INSTITUTIONAL DEVELOPMENT:
AN ORGANIZATIONAL FOCUS

Derick W. Brinkerhoff

The concept of institutional development possesses a basic surface clarity that makes a general definition relatively easy to generate. Institutional development is the process of creating a new pattern of activities and behaviors that persists over time because it is supported by indigenous norms, standards, and values. It has been increasingly recognized that many aspects of socioeconomic development concern institutional change. Development problems initially conceived as purely technical in nature have proven to be fundamentally linked to institutional contexts.

Almost anyone in the development field can cite their favorite example of a narrow technical solution to a development problem that failed because of a lack of attention to institutional factors: for example, the village water system that fell into disrepair in the absence of any incentives for maintenance, or the agricultural production program that worsened the lot of the rural poor because elites laid claim to the land made profitable by the program's inputs to which tenant farmers had only traditional title. Studies

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such as Lele's (1975) of World Bank projects in Africa document the interaction between project interventions and institutional settings and demonstrate that project success depends upon some level of "fit" with the institutional context.

For most less-developed countries (LDCs), faced with stagnant growth, burgeoning populations, and shrinking resource bases, ID has become more than simply a desirable aim. The world economy limits ever more tightly the amount of foreign assistance furnished by international donors, and additional sources of credit are drying up as the international banking community is less and less willing to lend to clients already carrying heavy debt burdens. However, the combined impact of past and present conditions in the Third and Fourth Worlds has in many cases increased the plight of the LDCs. LDC governments and donors alike are under pressure to make the most of available resources, to maximize multiplier effects while minimizing continuous injections of external assistance and recurrent costs. In this setting ID is practically an imperative.

Donor attention to institutions, usually defined operationally as organizations, is not new. The U.S. Agency for International Development has supported an extensive set of "institution-building" efforts since the 1960s, including applied research on the concept (Blase 1973; Mann 1975). What has emerged more recently, over the past ten years or so, has been the integration of institutional concerns into projects, those "privileged particles of the development process" (Hirschman 1967:1) that are the major intervention mode in the development field. Currently almost all development projects, with the exception of emergency relief efforts, are judged deficient if they do not contain an ID component that seeks to achieve some sustainable effect that will continue once the project itself has ended.

However, while the appropriateness and desirability of addressing the institutional side of socioeconomic development problems have been widely embraced, how to intervene effectively in order to promote ID has remained elusive. In the words of one donor this is because

development of institutions is one of the most complex activities because it cannot avoid the vagaries of human behavior or the influence of cultural and political factors. The body of knowledge available to tackle these issues is not well developed

and has lacked empirical focus (World Bank 1980:1).

This statement, with its hint of nostalgia for "old-style" capital-intensive infrastructure projects unsullied by unpredictable people and messy politics (the extent to which this was ever true is open to question), highlights the major factors that contribute to the elusiveness of ID solutions. ID means intervening in complex systems characterized by high levels of uncertainty and low levels of control by any single actor. Because relevant cause and effect linkages are difficult to identify, measure, and predict, knowing what to do to promote ID in a given situation remains more an art than a science in the eyes of many. Attempts to move from art toward science have had mixed success, producing some useful analytic guidelines, but also occasionally oversimplified prescriptions based more on normative predilection than empirical test. Increased empiricism and attention to refining concepts have resulted, frustratingly for some, in less generalizable precision and more contingent "it depends" propositions.

Those who are frustrated tend to be donor agency and LDC government decisionmakers who are pressed by their various constituencies--bureaucratic and/or political--to demonstrate quick and concrete results. The prime minister, the Congress, the Ministry of Plan, the district political delegate, and so on, want to know what was accomplished with agency and public funds, preferably before the next budget cycle. Agency and LDC personnel are uncomfortable with ID's complexity, skeptical of the faddish and partial solutions proposed to ID problems, and leery of the lack of clear-cut progress measures.

This chapter reviews current perspectives on ID and their antecedents in order to surface the essential features of ID and to discuss the issues they raise for those faced with doing something about this critical aspect of development. As mentioned above, the state-of-the-art in ID does not comprise a clear-cut, agreed-on analytic or operational core. This reflects the complexity of ID as an area of inquiry and an arena for action. Though ID represents a category for analysis and action, there is no uniform ID problem or standard solution. ID, and socioeconomic development, are inherently messy (Johnston and Clark 1982).

The review is organized within a decisionmaking framework around three questions that ID analysts and

practitioners must pose and answer. These three address the content, strategy, and locus of ID interventions; in other words, their what, how, and where dimensions. Within this framework the analysis applies a systems view that conceives of effective ID as the outcome of successful exchange among system components in constant interaction over time. This successful exchange is a function of a series of fits, or adaptive relationships, both internal to the ID intervention--among its content, strategy, and locus dimensions--and external, that is, between the intervention and its environment.

The chapter concludes with a discussion of several crosscutting issues important in considering ID interventions. These include ID problem specification, effectiveness definitions, level of analysis, and operational constraints.

INSTITUTIONAL DEVELOPMENT: CONCEPT AND CONTRADICTION

Before proceeding it is worthwhile to consider in more detail the term "institutional development" in order to expose the contradictory potential that characterizes ID interventions. This potential heightens both the uncertainty and fragility of ID success. It is revealed by separating the term into its two parts.

One definition of institutions describes them as

regulative principles which organize most of the activities of individuals in a society into some definite organizational patterns from the point of view of some perennial, basic problems of any society or ordered social life (Eisenstadt 1968:410, cited in Siffin 1976).

Institutions derive their power to order people's behavior into ongoing patterns because they embody a society's shared view of what is right, acceptable, and necessary. A society's institutions are the structural and behavioral manifestations of its sociocultural fabric. They are not static any more than a culture of a society is static. In most cases--barring the revolutionary--they stretch, change, and adapt incrementally in response to societal and cultural

evolutionary trends. At any given point in time, however, institutions both reflect and are nurtured by the status quo. In this sense they constitute conservative, change-dampening entities.

Development can be defined in a general way as a process of transformation from a relatively simple, lower-level state to a relatively more complex, higher-level state. Development, then, involves change. In the LDC context this means purposive intervention aimed at inducing change in the service of specific socioeconomic objectives. These objectives are selected precisely because important aspects of the status quo are judged deficient and unacceptable.

The melding of "institution" and "development" into institutional development produces a construct that combines at the same time: links to the underlying principles that define and support a society's ongoing configuration of norms and values; and actions designed to induce changed activity and behavior patterns in the society, somewhere between evolution and revolution. Thus the essence of ID is to promote the formation and maintenance of new action modes supported either by new norms and values or by those existing norms and values that are change-nurturing. The tension in ID derives from the difficulty in fitting its change-inducing components to an appropriate normative support structure. Too little fit means that the change either will be rejected outright or will wither and fail to graft sufficiently onto the system to sustain itself. Too much fit means that the change will be absorbed into the system with only a momentary ripple, or as a reinforcement to the status quo.

As the failure rate for ID interventions demonstrates, finding the appropriate fit is a delicate matter. It is small wonder that the fulcrum for balancing all the relevant factors influencing the success of ID is seen as resting as much on art as on science.

INSTITUTIONAL DEVELOPMENT DIMENSIONS: WHAT, HOW, AND WHERE

Although ID is divided here into separate dimensions for purposes of discussion, it is important to note at the outset that the three dimensions are closely linked and interdependent. Choices about what to do, for example, necessarily influence "how to" decisions and can determine

where actions will be undertaken. Or the sequence can be reversed: For example, initial selection of a particular type of institution--public sector, private sector, local, and so on--can delimit what kind of ID activities are chosen and condition how they will be accomplished.

What

The institution-building approach of the 1960s and early 1970s conceived of ID in terms of building formal, public-sector organizations' ability to promote change (Blase 1973). This approach posited that in order for the LDCs to progress they required government entities capable not simply of the administration of routine public functions but of the management of socioeconomic development. Weak administrative capacity was seen as a central obstacle to promoting development; and the proposed solution was to implant in the LDCs enclaves of administrative effectiveness and nurture them such that they could survive, gradually take root, and spread.

Institutionalizing development administration capacity according to Esman (1972), one of the major institution-building theorists, required attention to the following organizational variables:

- leadership: the people who direct, guide, and plan the organization's actions;
- doctrine: the organization's mission, purpose, and values;
- program: what the organization produces, either goods or services;
- resources: the organization's inputs, physical, financial, and human; and
- structure: the procedures and practices established in order to accomplish the organization's purpose and produce its intended outputs.

Strengthening each of these categories of variables internal to the organization would, it was held, make that organization an effective change-inducing institution. In order to survive in the LDC setting the organization has to engage in particular kinds of transactions with its task environment. Esman categorized these in terms of four types of linkages:

- enabling linkages: transactions with organizations controlling needed resources and authority;
- functional linkages: transactions with organizations engaged in producing complementary or competitive outputs;
- normative linkages: actions to tap sources of legitimacy and valuing of the organization; and
- diffused linkages: interactions with the organization's larger public.

The institution-building framework, while providing a generic set of variables for describing what needed attention in order to develop enduring organizations, was unable to move from the general, conceptual level to develop an operational model of what to do to build effective institutions. The framework's emphasis on organizational survival tended to beg the question of what the organization intended to accomplish other than perpetuate itself. AID gradually phased out its support for this research vein by the mid-1970s (see Rondinelli 1984).

The dominant approach to doing institutional development during this period consisted of the transfer of administrative tools from U.S. settings to those in the LDCs. While there were some limited successes, particularly with relatively self-contained tools for budgeting and finance, the overall results were disappointing (Siffin 1977). Following such technical assistance, LDC public sectors frequently manifested the outward trappings of efficient administration but remained incapable of independently generating, nurturing, or sustaining socioeconomic development.

Subsequent efforts to deal with the discrepancy between form and substance led to changes in the conceptual content of ID. These efforts took several paths.

One examined the failure of technology transfer to produce intended results, and led to a concern with technology adaptation. ID, it was thought, requires tools that are adapted to fit the setting in which they are to be used. The view of tools as value-free or context-neutral is myopic. These underlying sociocultural features of development intervention technology strongly condition the ability of a given tool or technical package to achieve its planned purpose, and sustain its application over time (see Mendoza 1977; Moris 1977).

Besides identifying the need for adaptation of the technical components of development interventions to the

particular setting, experience and analysis along this path helped to detail the relationship between ID and characteristics of intervention technologies. Relevant variables identified include complexity, degree of predictability, independence of operation, and sensitivity to error or alternative uses. A review of the World Bank's experience concludes that ID is significantly more difficult in the social sectors (Israel 1983). The most success with ID was found in industry, telecommunications, agroindustry (plantations and single-crop commercial agriculture), and power utilities. ID was the most difficult in irrigation, education, rural development, agricultural extension, and primary health care.

A second path sought to redefine the notion of administrative capacity. The technology adaptation approach concentrates upon building up what an organization has--that is, well-trained staff, efficient operating procedures, appropriate structures, sufficient equipment and materials, and so on. The underlying definition of capacity is the supply and quality of organizational stock.

The redefinition expanded the concept of capacity to include what the organization does, not just what it has (see Honadle 1981; Rondinelli 1984). This shifted the emphasis from administrative stock to administrative behavior. Tools, procedures, and structures must be considered in terms of whether they generate changes in behavior among organization members that make for more effective production of goods and services.

A closely related third path focused on the links between changed behavior, improved goods and services, and the outcomes of the use of those goods and services. This perspective includes the impact of what the organization does in an assessment of administrative capacity. Uphoff (1973, cited in Honadle 1981) developed a process and performance model that lays out a flow from inputs, (defined as internal administrative stock variables), through outputs (goods and services), to outcomes (the effects of the use of the goods and services by intended beneficiaries). This path extended the scope of planned behavioral change beyond the organization's boundary. Effective ID means influencing client behavior to utilize outputs so as to generate improved production, welfare, nutritional status, and so on.

A fourth path challenged the notion that the appropriate target of ID is primarily a public-sector organization

and secondarily a set of beneficiaries or clients. This approach advanced the view that the failure to create sustainable development lay in the misidentification of where capacity needs to be built. The institution-building framework made the assumption that public-sector organizations would take the lead in stimulating and supporting development, and that therefore building their capacity should be the starting point. This alternate view suggested--for both ideological reasons, including people's right to self-determination and participation in decisions affecting them, and technical reasons stemming from the limits of developing country governments to provide for their citizens' needs--that ID must address the capacity-building requirements of development beneficiaries such as the rural poor.

This path incorporates the community development experience (see Holdcroft 1978) and is well articulated by Korten (1980; and Korten and Alfonso 1983). Korten's work, based on studies of community organizations, argues that ID can be successful only if it is grounded in local perceptions of development needs and priorities. ID involves creating organizations capable of establishing and maintaining a partnership between external expertise and resources and local knowledge and problem-solving ability. This operating mode, Korten holds, is fundamentally different from standard notions of service delivery; it requires different organizational structures, procedures, skills, and value orientations.

As the discussion has shown, the trend in thinking about what ID is has gradually expanded from a predominantly internal emphasis on creating organizations capable of surviving in change-hostile settings to an externally oriented focus that stresses the interplay between what organizations produce and those groups in their environment that either use or are interested in their products, that is, their constituencies and "special publics" (Esman and Montgomery 1980). This expansion has taken place in reaction to both changes in definitions of development and efforts to improve the success rate of development interventions (Honadle 1981; Moris 1981; Korten 1983).

While ID has retained a concern for improving certain of the organizational stock features originally delineated in the early institution-building model and a focus on technology transfer (see USAID 1983), the incorporation of behavioral change and activity impact dimen-

sions into ID definitions has produced two major modifications in the ID concept. The first of these is an attention to incentives, and the second is a retargeting of ID intervention points.

Incentives are currently seen as being at the heart of ID. Lasting changes in activities and behaviors depend upon people valuing these changes. People tend to value things at two different levels: in terms of their relationship to socially sanctioned principles of what is right, good, and/or desirable; and in terms of self-interest. Donor-funded ID interventions, with their focus on improving socioeconomic well-being, relate most directly to people's self-interests. Projects introduce resources into generally resource-poor settings, and the extent to which those resources are used as intended is critically linked to participating actors' perceptions of whether it is in their interests to do so.

Interests can be aggregated at various levels, from the individual to the international; indeed this constitutes a central concern of the field of political science. ID is vitally concerned with the incentive patterns created by the aggregation of interests in the intervention setting. Relevant groups here frequently include members of the organization receiving technical assistance, that organization's clients, other organizations influencing the target organization's operations, national policymakers, local elites, national elites, and donor agencies. Several studies have examined the impact of incentives on development interventions and have proposed approaches to analyzing them (Heaver 1982; Warwick 1982; Grindle 1980; Smith et al. 1980).

Attention to incentives has necessarily added an explicit political dimension to ID. This brings in questions of policy, power, participation, and control. The "what" of ID is an inextricable blend of the technical and the political. Some analysts, in fact, see these two as orthogonal dimensions that cannot be reconciled without fundamental changes on both sides of the international assistance equation (Rondinelli 1983; Korten 1983; Gran 1983).

Another effect of considering incentives as integral to ID has been a loosening of the conceptual boundaries surrounding an ID intervention. From the earlier notion of ID as limited to the inner workings of the target organization, current ID efforts range from direct assistance to special publics in selected sectors, to national-level

policy dialogues, and to various combinations of these. Choices of where to stop are more a function of level-of-effort constraints and/or of donor program decisions rather than of a conceptual delimiting of what ID is about.

This boundary loosening has to do with the second major modification in the ID concept mentioned above: re-targeting of ID intervention points. With the concern for assuring that the goods and services produced by the organization generate their intended impact, the points of ID intervention have been sharpened to concentrate upon the particular organizational subcomponents judged most critical to performance, and the crucial actors in the organization's task environment.

The internal intervention points vary, depending on the sector and the type of project, but most often include the following two. The first is the component at the field level responsible for producing the organization's output. Capacity at this level is critical to what beneficiaries actually receive and can effectively use but has not gotten sufficient attention (Esman and Montgomery 1980). In the agricultural sector, for example, this means targeting extension agents (see Chambers 1974; Leonard 1977; Moris 1981); and in the health sector, community health workers (see Pyle 1981; Maru 1983).

The second internal intervention point is at the strategic decisionmaking level of the organization. Experience has shown that institutional effectiveness is significantly related to the organization's ability to manage itself strategically. This involves accurately identifying and assessing relevant environmental factors, developing clear objectives and plans, obtaining feedback on performance, learning from experience, and adjusting to change (see Korten 1984 and 1980; Paul 1982; Bryant and White 1982; DPMC 1981).

The external intervention point focuses upon key actors in the target organization's environment identified by its strategic management system. ID involves not just identifying which actors are critical to project success, but determining which ones can be influenced and how, and which must be treated as constraints on action (Smith et al. 1980). Thus, for example, if commodity pricing policy negatively affects farmer motivation to raise production, an agricultural production project with institutionalizing objectives needs to target policymakers as one focus of its efforts (see Honadle and VanSant 1985).

How

As mentioned above, how to do ID flows directly from determinations of what it includes. The early institution-building conception selected from the U.S. public administrator's toolkit management tools and technologies effective in the United States and sought to implant them in developing country public-sector organizations, accompanied by a lot of training. The limited enduring success of this approach is well-known (Siffin 1977).

As experience revealed the innately complex and interlinked nature of ID, approaches to how to do it became correspondingly less simple and more contingent. In this respect the evolution of ID reflects the larger shifts in thinking about how to promote socioeconomic development. This subsection summarizes three different, but not necessarily mutually exclusive, answers to the "how to" question.

At the operational level, ID as currently practiced is concerned with intervening in organizations. For reasons ranging from economies of scale to the politics of international assistance, ID centers mainly on organizational change. While there exist alternative analytic frameworks for examining ID (see Kiser and Ostrom 1982; Sproule-Jones 1982), these have yet to be elaborated to the point of providing practitioners with proposals or guidelines for action. The three approaches discussed here--the learning process approach, the performance improvement approach, and the rural development capacity-building approach--concentrate on ID in organizational settings.

The Learning Process Approach

The learning process approach, elaborated by Korten (1980) based on principles of successful community development and fieldwork in the Philippines in irrigation, has two interlinked starting points. The first is the rejection of "blueprint" methods of development intervention (see Sweet and Weisel 1979). Projects designed by outside experts in accordance with standardized procedures that detail in advance what will be done and how, Korten argues, are not capable of promoting ID. Such projects constitute only time-bound resource transfers and cannot stimulate sustainable development processes. The second starting point is a value position that institutions should serve to empower people such that their control over their lives is enhanced.

Effective ID, Korten holds, results from combining external resources with local needs and knowledge in order to solve mutually determined development problems. Solutions emerge from an iterative process of joint problem specification, strategy formulation, action, analysis of experience, and feedback into respecification, reformulation, and further action. This problem-solving cycle involves a learning process in which planning personnel, implementing agents, and clients collaborate in discovering and then putting into effect what works. The learning process approach requires, or must create, an organization that is open to experimentation and willing to admit to and learn from mistakes; oriented toward client participation in the work of the organization; and able to link lessons learned to ongoing action.

ID begins with the formation of a coalition of interested actors that "cuts across formal lines of organizational authority and is able to facilitate processes which the formal structure constrains" (Korten 1983:14). This coalition is operationalized through the establishment of a working group composed of organization members and outside resource/knowledge providers. The group works together to initiate and manage the learning process that leads to ID. The working group establishes a "learning laboratory" where the experimentation and trial and error the organization must go through in order to develop a new, client-centered mode of operations are undertaken. The laboratory serves as a nurturant and protected setting within which the organization has the freedom to learn how to learn new approaches. The working group also manages feedback to key decisionmakers in order to facilitate the integration of the new practices into the organization's policy and operations. The results are twofold: effective service delivery in the short run, and sustained problem-solving capacity in the long run.

Korten posits three stages of learning process over time:

1. Learning to be effective: Developing an appropriate solution to locally defined problems and an effective response mode.
2. Learning to be efficient: Reducing the cost of response to achieve a fit with available resources, designing appropriate management systems and operating routines, and building a cadre of competent staff.

3. Learning to expand: Applying the systematized problem definition and response capacity on a wider scale and to new development problems.

These three stages can be thought of as sequentially overlapping learning curves that the organization moves along with the help of the working group. Figure 2.1 illustrates this graphically.

The adoption of the learning process approach requires some fundamental changes in both international donor organizations and in developing country government agencies. This "bureaucratic reorientation" toward an error-embracing, participatory, experimental operating style involves "changes in job definitions, performance criteria, career incentives, bureaucratic procedures, organizational responsibilities, and the like" (Korten and Uphoff 1981:6). Features of a reoriented bureaucracy include the following:

1. Strategic management: Getting decisionmakers to see their organization and its objectives strategically and proactively.

2. Organizational incentives: Providing rewards to members (such as salaries, promotions, postings) based on success in strengthening local development capacity, setting clear targets, and so on.

3. Planning systems: Simplifying planning requirements to permit project experimentation and evolution during implementation.

4. Monitoring and evaluation: Designing a focus on results with explicit attention to building beneficiary capacity.

5. Personnel policies: Promoting long-term staff placements, emphasizing local knowledge and experience, and using multidisciplinary teams.

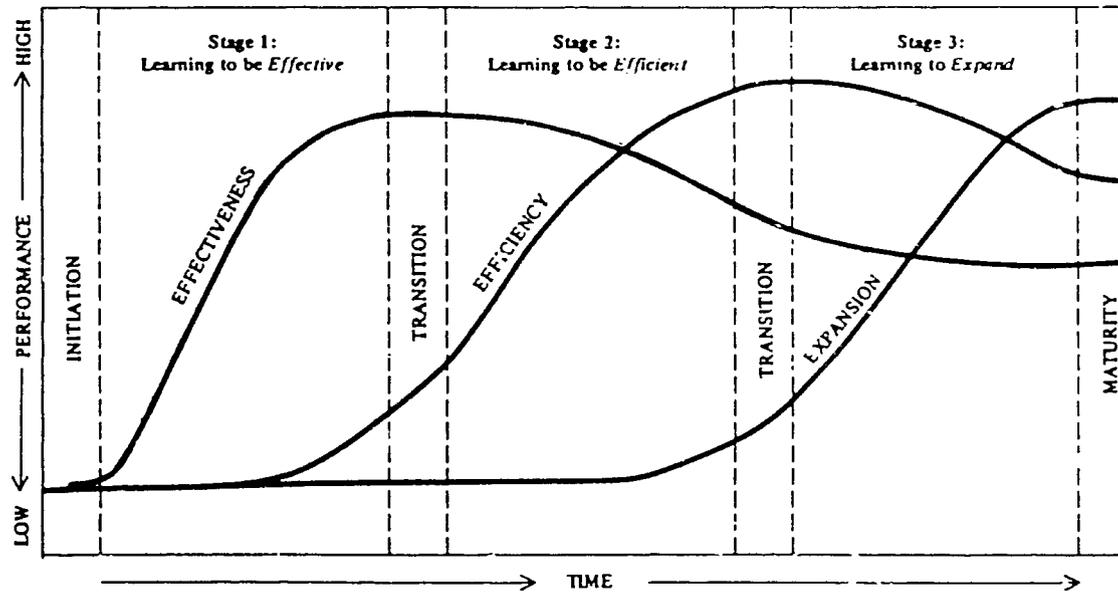
6. Financial systems: Providing multiyear, stable funding levels with lowered emphasis on procedural accountability and more on outcomes.

7. Organizational structure: Designing flexible structures to adjust to particular client needs and to permit efficient coalition building.

8. Training: Teaching organization members learning process skills and a participatory orientation.

9. Outside resources: Using applied social science to gather data, analyze experience, and provide feedback and guidance.

Figure 2.1
Program Learning Curves



Note: It should be expected that some effectiveness will be sacrificed in the interest of efficiency and expansion. With expansion efficiency will likely suffer due to trade-offs with the requirements of expansion.

Source: David C. Korten, "Community Organization and Rural Development: A Learning Process Approach." *Public Administration Review* 40, no. 5 (1980): 500. Reprinted with permission from The American Society for Public Administration, 1120 G Street, N.W., Washington, D.C.: © 1980. All rights reserved.

The learning process approach has been applied to the National Irrigation Administration in the Philippines (Frances Korten 1982); the Gal Oya Irrigation Project in Sri Lanka (Uphoff 1985); and has informed the design of several USAID projects in Thailand, the Philippines, and Indonesia (Korten 1983). It has also influenced project design in several private voluntary agencies. As a means of carrying out ID, the approach has been criticized on several grounds.

Philosophically, some critics contend that the learning process approach is an ideological not an empirical development model. It mixes advocacy of what ID should be with statements about how to bring it about. In the eyes of these critics, this mix makes it difficult to determine which of the approach's operational recommendations are advanced because they reliably lead to the creation of development capacity and increased benefits, and which are propounded because they represent an expression of a value commitment to people-centered development. While this criticism ignores the fact that ID no matter how it is undertaken is not value-neutral, it has nonetheless pushed learning process theorists and practitioners to clarify more precisely when and where the approach is appropriate. Korten states that it is not "a universal approach or set of methodologies for institutional development" (1985, personal communication).

Operationally, practitioners point out that accountability requirements constrain agencies' abilities to fund activities that cannot be specified in advance, and most agencies are reluctant to admit to high levels of experimentation in their programs. Since the learning process approach requires open-ended funding and is based on iterative experimentation, donor and host country agencies are hesitant to apply it whether it works or not.

Practically, others note that the emphasis on local community control and empowerment scares most developing country politicians and government officials. Thus, the approach's policy and administrative environment is resistant to its application.

In sum, the learning process approach to ID appears to run the risk of offering too little fit with existing norms, incentives, and practices to be applied on a wide scale. While the approach intends precisely to challenge existing perspectives on ID, its successful adoption beyond isolated applications by committed organizational

mavericks depends upon some minimal degree of fit with the development mainstream, at least sufficient to permit the entrée needed to give the approach an honest hearing. This is a problem that many types of participation-based ID and management strategies face (see Garcia-Zamor 1985).

The Performance Improvement Approach

The performance improvement approach to ID, the product of applied research by the U.S. Department of Agriculture's Development Project Management Center (DPMC), has its antecedents in the literature and practice of management consulting and organizational change (see Argyris 1970; Schein 1969). The focus is on building sustainable changes in developing country organizations that result in improved performance. An underlying principle is that high-performing organizations are more likely to be valued by their various constituencies, both internal and external, and therefore have a better chance of becoming institutionalized.

How to bring about ID through performance improvement builds from the research-supported premise that all organized activity, in order to be feasible, must fulfill certain generic functions. These functions apply equally, for example, to community groups, agricultural cooperatives, or central government ministries. Effectively fulfilling the functions, combined with a set of supportive environmental conditions, means that the organization can manage itself, build a satisfactory level of performance, and sustain this over time (DPMC 1981; Solomon 1984).

The generic management functions include clear and shared objectives, consensus on strategies and means for attaining objectives, agreed-on and delineated roles and responsibilities, incentives and sanctions supporting goal-directed behaviors and action, and feedback, guidance, and adaptation mechanisms. The essence of the approach is to undertake actions designed to strengthen the target organization's ability to fulfill these functions. The methodology developed by the DPMC to do this differentiates between institutionalizing change inside the organization and ID related to interaction with its environment. Interventions to build the organization's capability to improve its performance must be carried out in ways that create members' support for and valuing of the changes introduced; otherwise, those changes will not be sustained. As the organization becomes equipped to manage itself to perform

better, it is able to build the kind of environmental linkages that will sustain it at high performance levels over time. Figure 2.2 illustrates the performance improvement model.

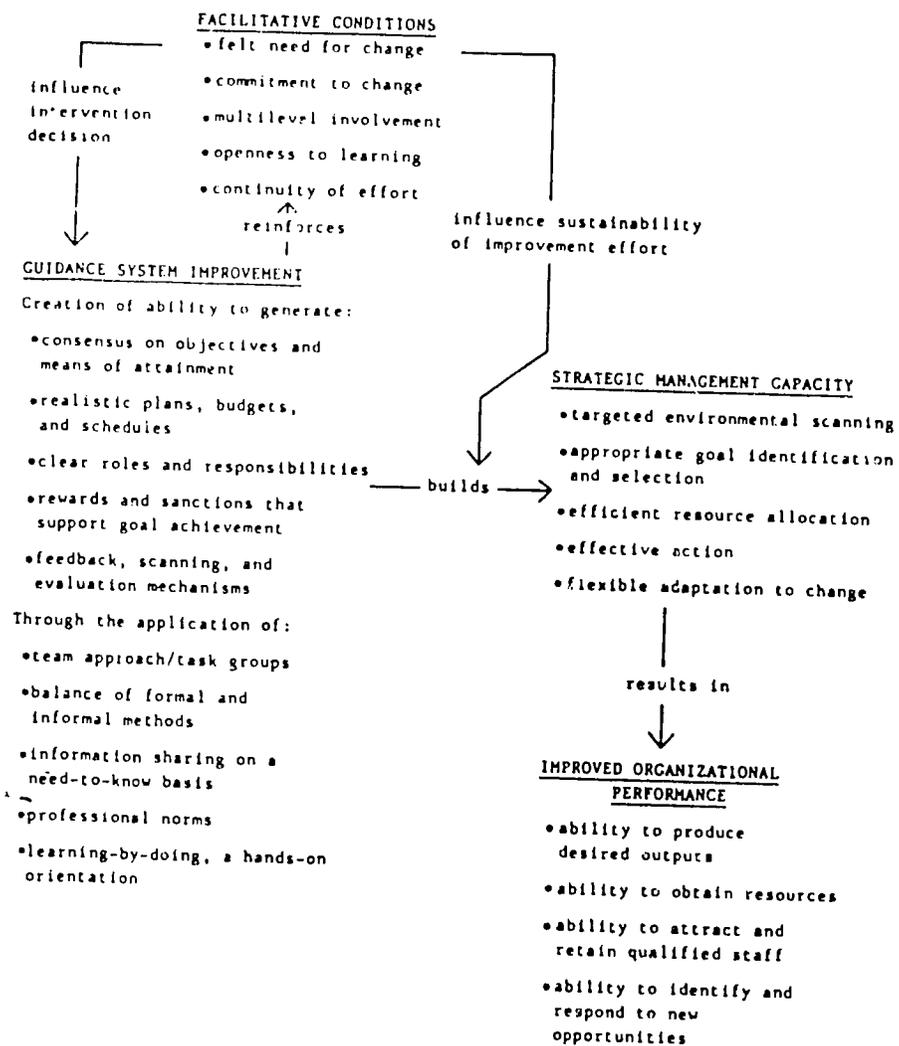
The modus operandi of the performance improvement approach begins with a self-perceived need to solve a problem, fill a gap, and so on. This must be combined with a commitment to change, followed by a willingness to assign resources to implement the proposed solution. At this point external technical assistance is joined with indigenous personnel to develop and implement a course of action. This starting point is parallel to the coalition-building of the learning process approach; a basic tenet of the performance improvement model is the use of a team mode that is sensitive to the social fabric of the target organization. The role of outside assistance is a facilitator one, with the emphasis on creating within the organization a strategic management and learning capacity that will permit it to sustain improved performance over time once external resources are withdrawn.

The DPMC advocates the use of "action training," in which staff skill-building is tailored to immediate organizational needs and priorities to help the organization strengthen its ability to fulfill the generic management functions (DPMC 1981). By helping to solve problems from the start, action training builds indigenous support for change incrementally and seeks to build on early successes and the confidence they generate toward larger changes that would be rejected by the host organization if introduced all at once. Through explicit attention to the process side of organizational change, the performance improvement approach links products and outputs with sustainability considerations throughout the life of the intervention. Unless initial products are generated collaboratively and prove immediately useful to the actors involved, later ones are unlikely to be accepted or valued. This kind of iterative cycle of successes can strengthen the facilitative conditions that permitted the initiation of change as well, thus increasing the chances for eventual institutionalization.

Because of its incremental nature and client-centered orientation, the performance improvement approach shares to some extent the learning process's rejection of blueprint project design. Front-end planning is seen as useful as a guide to implementation, but it should remain flexible and

Figure 2.2

Conceptual Model: Performance Improvement Approach



Source: Compiled by the author.

open to modification based on feedback and assessment during project life. The emphasis is on results and goal attainment, not necessarily on following the set of steps identified at the preimplementation planning stage. In fact, replanning during implementation is expected and advocated in order to take account of new information and lessons learned.

The performance improvement approach has been applied and refined by the DPMC in the course of about 60 short-term consultancies and five long-term projects, mainly for USAID. The long-term efforts include design and installation of a project planning and implementation system for Jamaica (Kettering 1980), improvement in financial management systems in the Sahel (Kettering 1985), assistance to Portugal's Ministry of Agriculture in developing systems to manage the Program for Agricultural Production (Ingle 1985), design of a project management information system for Thailand (Schmidt 1983), and assistance to Haiti's Ministry of Plan in setting up a project monitoring and evaluation system (Brinkerhoff 1985).

The performance management approach, with its primary concentration upon ID internal to the target organization, does not confront issues of power, community control, and societal resource distributions as directly as the learning process model. Though it emphasizes the need to be flexible during implementation, the approach uses recognized planning and management techniques that fit relatively easily with donor agency and developing country public sector organizational procedures.

The major problem with the performance improvement approach is that it risks adapting so closely to the existing setting that it will not produce the intended depth or breadth of change. First, the tools it employs, if not supported by the flexible results orientation, can be liable to misapplication in a way that reinforces rigid blueprint projects.

Second, because the approach focuses effort mainly upon a particular organization and operates incrementally in response to client needs and constraints, it is highly vulnerable to derailment or cooptation should the commitment to change among critical actors either diminish in the face of competing priorities, or reveal itself to have been cynical from the start. This feature makes the initial decision to intervene and the choice of organization critical to successful ID using the performance improvement approach.

The Rural Development Capacity-Building Approach

This approach represents something of a middle ground between the other two, incorporating many of the elements of both. It is the product of USAID-funded applied research by Development Alternatives, Inc. (DAI) on management and implementation of integrated rural development (Honadle et al. 1980). Based on an extensive field review of worldwide experience with multisectoral projects and analysis of the literature, DAI's capacity-building approach is more an eclectic, practitioner-oriented analytic perspective on ID, being less philosophically normative than the learning process approach, and less operationally specific than the performance improvement model.

Honadle (1981:36) identifies seven critical elements of capacity-building for ID. Doing ID successfully, he states, requires attention to each one, though the amount of attention will vary depending upon the specifics of the intervention situation. The seven elements are:

1. risk sharing between clients and service providers,
2. involvement of actors at multiple levels,
3. demonstrated success/utility of new technologies/ behaviors over old ones,
4. collaborative operating style and joint action,
5. emphasis on learning,
6. appropriate incentives, and
7. use of an existing resource base.

The first five he refers to as process factors, and the last two are structural. How to pay attention to the process factors means designing ID interventions with the following features (Honadle 1981:52):

- a project design broken into discrete phases,
- a substantial amount of short-term technical assistance,
- reliance on temporary task forces,
- use of action-oriented training for project staff and beneficiaries,
- a reward system consistent with a learning focus and a collaborative mode of operations,
- an output-oriented information system,
- an organizational learning mechanism, and
- periodic project redesign.

The two structural factors are key elements in the environment of ID interventions. The incentives factor incorporates efforts to go beyond the provision of goods and services to seek to influence the structural constraints to their effective use. Honadle and VanSant (1985) point out that this means that ID must look beyond the project boundary and adopt a program-level focus.

They cite the Bicol River Basin Development Program Office in the Philippines as an example of one way to do this. The office worked with various line ministries to strengthen their design and implementation capacity to carry out those agencies' regional policies and programs, rather than to develop a competing capacity to do the same thing. This tactic avoided the creation of incentives for the line ministries to try to sabotage the Bicol Office in competition for budget resources, and instead built incentives to collaborate by aligning their bureaucratic self-interests with the Bicol Project's regional development objectives.

The second structural element in how to build rural development capacity relates to the sustained use of project-provided goods and services in order to enhance the well-being of intended beneficiaries. The position here is that sustained benefit flows depend upon some amount of autonomous control over resources by beneficiary groups. Given the tension in ID between inducing change and supporting the change over time, unless local people have some resource base they themselves can control and manage, the change-resistant groups in the society--for example, local elites--will eventually prevail.

For example, the ID component of an agricultural improvement project would aim at assuring that small farmers retain the profits from increased production, title to their land, and continued access to necessary inputs. The resource control element is directly related to incentives. Countless project evaluations have noted that situations in which project benefits are captured by groups other than their intended beneficiaries provide few incentives for those beneficiaries to continue their participation in the project.

It can be seen that the capacity-building approach melds the organizational change emphasis of the performance improvement model and the people-centered thrust of the learning process approach. This ID model advocates reaching beyond the target organization's boundary to forge vertical links with policy-level actors in tandem with im-

proving the organization's management capability. Thus it tries to avoid the tendency of internal, microlevel change efforts to be diluted into nonchange upon wider application.

It also stresses the importance of considering the role of the people who are the target of development interventions, in terms of enhancing their ability to determine and manage their own development, and of the sociocultural structures that affect who gets what. While the capacity-building approach is more sensitive to donor agency operating constraints than the learning process model, sincere attempts to apply it in its entirety can fall victim to an inability to respond to the breadth of factors deemed critical to success. The risk is of paying lip service to one or another factor because of pressure to take action. Though the approach is comprehensive because of its integrated eclecticism, its very comprehensiveness may place it beyond the existing ability of agencies to act upon it. That is, following its precepts "to the letter" may preclude more actions than its supports.

Further, precisely because of its broad and eclectic nature, which means in practice that no given ID intervention is likely to conform to more than a subset of its prescriptions, the extent to which the capacity-building approach indeed constitutes a unified approach is open to interpretation. According to some analysts, DAI's work focuses more on how to implement development projects successfully, irrespective of whether those projects have ID objectives or not, rather than on how specifically to promote effective ID.

Comparisons and Common Threads

Each of the three approaches reviewed here, while concerned with ID in organizational settings, takes a different cut at ID interventions. The learning process approach focuses on the development of people-centered programs within a service delivery agency. The performance improvement approach targets the development of appropriate management systems internal to individual organizations that give those organizations the capability to sustain higher levels of performance. The capacity-building approach concentrates on the development project as the unit of action, aiming at making projects better able to deliver sustainable benefits. To the extent that these projects involve more than one agency, the capacity-building approach incorporates a multiorganizational dimension.

Despite these important differences, some common "how to" threads emerge that appear critical to effective ID. Six of these threads can be identified.

First is an organizational learning capacity. Organizations and their members must be open to learning, attuned to information that could disconfirm preconceived notions, and willing to adjust to changed circumstances. The more an intervention seeks to use a social technology, the more critical this learning capacity becomes.

Second, ID requires the involvement of multiple actors from various levels. This helps to ensure that as much relevant information as possible is collected and factored into decisions, create commitment to the content of the intervention through participation, and build support links with critical actors in the environment.

Third is attention to incentives. ID depends on various people's perceptions of what a given intervention comprises for them in terms of advantages and disadvantages. Successful ID efforts must accurately assess and take into account existing incentive patterns among the multiple actors involved, and must track changes in those patterns as well.

A corollary to incentives is resource distribution. It is mainly through the potential or actual injection of resources into a particular setting that incentives are revealed. ID needs to be sensitive to the link between resource control and incentives.

Fourth, technical assistance for ID should maintain a facilitative, mobilizing focus. Though there are almost always particular moments in a project's life that call for external personnel to step in and perform tasks for people, the predominant emphasis needs to be on bringing together the resources and passing on the skills that allow people to do things for themselves.

Fifth is attention to the process dimension of development efforts. How things are done affects what gets done. Sustainability, the ultimate aim of ID, is an ongoing process, not an end-state.

Sixth and finally, ID works best when the actors involved possess, or can be induced to accept, an orientation toward results. Process alone is not enough; this is one of the lessons of the community development experience. Without a focus on specified products and tangible benefits, ID will not succeed. A focus on results also provides a potential basis for performance accountability and can serve

to support judgments on institutional success that move beyond organizational survival.

Where

Deciding where to intervene to promote sustainable socioeconomic development is linked to wider policy considerations. A fundamental feature of the developing world is insufficiency of resources, goods, services, and so on, relative to needs and demands. Therefore, the provision of external assistance to developing countries necessarily involves a set of choices. The decisionmaker's particular policy objectives inform the choices made and provide a means of narrowing to a range of intervention points from among all possible ones. Central among these choices for program or project assistance is the selection of organizational locus.

In some cases, selection is determined by the technology involved. For example, a project to improve electricity generation capacity will usually be located in a public sector or parastatal utility. In sectors where the technologies to be applied have significant social dimensions, however, organizational choice is much less clear-cut. Selection is frequently based on a mix of donor, project designer, and/or host country preferences (Moris 1984).

Predilection for Public Sector Placement

An examination of past experience with external assistance efforts reveals a history of practically continuous focus on public-sector organizations. This pattern is a result of a variety of factors, among which are the following:

- normative predisposition
- economies of scale
- relative size of public versus private sectors
- interest group politics

Many developing countries, particularly those with socialist political leanings, are ideologically opposed to free-market, private-sector institutional modes. These countries view public institutions as the legitimate and proper settings for development action. Even countries with a

capitalist orientation often tend to favor strong state intervention in national economic affairs. This dirigiste mentality stems from the belief that socioeconomic development is most effectively brought about under the guidance of the public sector.

There is also a political control dimension to this predisposition to advocate the public sector as the main venue for action. Most developing countries constitute what Myrdal (1970) calls "soft states" with relatively weak sociopolitical cohesion; making the state the major allocator of economic development resources is one means of assuring central control and national unity.

The preponderance of public-sector-based interventions in developing countries also reflects certain economies of scale. Many needed services for LDC populations, particularly rural residents, do not make up a sufficiently viable market to attract private suppliers. There is simply not enough aggregate demand backed by ability to pay. In these situations service provision necessarily falls to public-sector organizations.

As a result of these two factors, the public sector in developing countries tends to be quite large relative to the private sector. When parastatals are included, the percentage of service delivery and economic activity undertaken by LDC public sectors becomes even larger. The public sector, furthermore, generally absorbs more of the national workforce than the private sector (see World Bank 1983, Ch. 5). This size differential has meant that the availability (and visibility) of private-sector development targets for external assistance agencies has been less than for the public sector.

In addition, flowing from all of the above, public-sector organizations represent a powerful interest group with a vested concern that donor assistance continue to concentrate on the public sector. Given that both bilateral and multilateral agencies must work with and through national governments even if their intended targets are non-governmental, developing country central-level public organizations can exercise a strong gatekeeper function, and they are frequently able to assure that donor efforts are located within public-sector confines. In the resource-poor environments of most developing countries, there are many incentives for this kind of lobbying. National politicians tend to give tacit, if not open, support to these claims on externally available resources because urban-based, public employees often constitute a valued source of political power.

Thus, operationally, "where" options for service delivery in developing countries fall within a limited range. Savas (1977, cited in Moris 1984) identifies ten alternative mechanisms for service provision: (1) public-sector employees of the service agency itself, (2) intergovernmental contracts, (3) external purchase of services, (4) franchises, (5) grants, (6) vouchers, (7) market systems, (8) voluntary service, (9) self-service, and (10) multiple arrangements involving two or more of the other nine. However, the preponderant choice in the developing world is the first, with the others making up a small percentage of mechanisms in operation.

Under the public-sector rubric, there are five main types of organizational placement: (1) the national-level line ministry, (2) the subnational government agency, (3) the quasi-governmental development authority, (4) the autonomous project entity, and (5) the parastatal enterprise (Honadle et al. 1980; Moris 1984). Outside the public sector, the most common types are: (1) local organizations (which may or may not hold public-sector status), (2) private voluntary organizations, and (3) private commercial enterprises. Taken together, these eight comprise the repertoire of "where" choices open to the majority of ID interventions in search of an organizational "home."

Selecting Among Possible Alternatives

While the range of potential choices can be laid out and policy and program targets established, matching targets with particular choices that lead reliably to goal attainment has remained elusive. As with the other ID dimensions, thinking about intervention locus has evolved in the context of shifting definitions of development and increasing recognition of the complex nature of socioeconomic change. For example, the early institution-building efforts of the 1960s selected national institutes of public administration as their targets, predicated on the belief that building these institutes' capacity would lead to the easing of administrative bottlenecks in the development process (Mann 1975).

As trickle-down development from above came to be challenged by development-from-below models (see Stöhr and Taylor 1981), decisions on where to locate interventions produced a series of projects situated at the field level; in regional offices of central line ministries if they existed; in local-level associations, either preexisting or established

by the project; in autonomous management units set up for the life of the project; and so on. In fact, donor experimentation with various institutional solutions to development problems has in many countries left the organizational landscape strewn with the decaying but not quite dead remains of previous attempts. Often these organizations, though operationally moribund, are still able to lay claim to national budget resources.

This bureaucratic "overbuilding" has emerged as a defining feature in several parts of the developing world, particularly Africa, and significantly constrains current intervention decisions for ID. Moris (1984:99) notes that "in expanding their matrix of rural development agencies during the 1970s, the poorer countries have established resource-starved networks of partially funded institutions." This situation has brought to the forefront donor and host country concern for recurrent costs, and has stimulated a move away from locating projects in public-sector agencies toward local-level entities that have a better chance of providing goods and services on a cost-recovery basis.

An example of one approach to deciding where to place development interventions is represented by the work of DAI (see Hannah et al. 1984). This approach, based on a worldwide analysis of field projects, offers an array of alternative placements and presents the advantages and disadvantages of each one. The particular decisionmaker's weighting of the pluses and minuses provides the framework for making a choice among the alternatives. Table 2.1 displays the array.

It should be noted, however, that using this matrix to inform intervention choices for effective ID depends upon the presence of an explicit ID objective in the design of the intervention. Otherwise, the matrix could as easily be used to facilitate the implementation of an enclave-type project where, for example, an autonomous project unit might be selected precisely because it avoids rather than confronts institutionalizing concerns.

Another approach is to begin with a particular policy target and work through a sequence of decision points that leads to a choice of intervention locus, content, and strategy based on analysis of the relevant set of conditions at each point. Determination of the relevant set of conditions, in principle, emerges from distillation of research findings in similar intervention settings. This decision-tree approach is illustrated by Peterson (1982), discussing

institutional choices for smallholder agriculture; and by Polinac (1981), who applies it to fisheries development.

Locus Lessons for ID

Decisionmakers looking for guidance on selecting among alternatives, presented either in a tradeoff or decision-tree format, face a multiplicity of recommendations on intervention placement that will support ID. Among these are several that appear to have undergone sufficient testing in a variety of field settings so as to qualify as generalizable lessons on ID locus.

First, projects seeking sustainable impact should be placed in organizations with existing links to other important organizations in their task environments. Or, if these links are weak or nonexistent, projects should contain multiple intervention loci. Rural development services and technologies that effectively facilitate improvement in people's well-being need to mutually reinforce each other (Rondinelli and Ruddle 1978). Rarely does the provision of all that is needed fall within the purview of one agency. As Uphoff and Esman (1974) found in their review of Asian experience, the complementarities and interlocking relationships among rural development organizations are as important as the actual goods and services provided in accounting for success.

This does not mean that projects with ID objectives must necessarily seek to address all these complementarities within the project boundary. Experience with integrated rural development efforts has demonstrated that such an approach loses more in operational feasibility than it gains in technical comprehensiveness (see Honadle and VanSant 1985). More viable is an approach to project placement that envisages a set of interventions, linked both horizontally and vertically by being tied in to an overarching program but operationally distinct (see Morgan 1983).

Second, interventions are more likely to achieve ID objectives when they are located in organizational settings that are receptive to those objectives. Even if donors are limited for all the reasons examined above to a restricted range of placement alternatives, within that range will exist varying degrees of receptivity to the ID purposes of the proposed intervention. For example, the choice to work with the National Irrigation Administration (NIA) in the Philippines on locally managed irrigation systems was made in consideration of key NIA decisionmakers' openness to the learning process approach to ID (see Frances Korten 1982).

Table 2.1

Alternative Strategies for Project Placement

Alternative Implementer	Tradeoffs	
	Major Advantages	Major Disadvantages
National Line Agency (permanent) such as Ministry of Agriculture	Provides a base in a permanent institution	Imposes sectoral focus on project strategy
	Provides for high-level support and direction	Preoccupied with national problems rather than local variations
	Appropriate for sector or infrastructure projects	Reluctance to delegate significant operational authority
	Simplifies initial preparation process and resource flows	Likely to have conflicts with other line agencies
Subnational Government Entity (permanent) such as a region, province, or district	Provides focus on local issues	Often has low institutional and human resource capability
	Sometimes helps to concentrate authority in project activities	Often has little leverage over line ministries whose activities affect the project
	Can build planning and implementation capability in permanent entity	
Integrated Development Agency (permanent) such as a national authority	Provides comprehensive project overview	Line agency competition can adversely affect performance
	Combines local focus with access to higher level authority	Complex communication needs
	Can avoid overly centralized audit and control procedures	

Alternative Implementer	Tradeoffs	
	Major Advantages	Major Disadvantages
Project Management Unit (autonomous and temporary) such as that often created as part of the design of an integrated rural development project	<p>Can be used to concentrate authority in project area</p> <p>Familiar to engineers who staff infrastructure projects</p> <p>Can avoid centralized audit and control procedures</p> <p>Can avoid inappropriate sector boundaries</p>	<p>Difficult to institutionalize</p> <p>Temporary nature creates personnel management problems</p>
Private Voluntary Organization (autonomous and often with permanent status in country)	<p>Authority usually delegated to project site</p> <p>Tradition of active beneficiary and other local group participation in decision-making</p> <p>Can avoid centralized audit and control procedures</p> <p>Can work with both private and public sector agencies</p>	<p>Frequently not linked to resources from established government agencies</p> <p>Budget sources are often limited and uncertain</p>

Source: John P. Hannah et al. Sustaining Rural Development: A Guide for Project Planners, Managers, Evaluators, and Trainers (Washington, D.C.: Development Alternatives, Inc., 1984).

While this locus lesson may appear to embody a pragmatism that borders on the obvious, it is surprising how frequently it is ignored. Donors often assume that interventions in particular sectors necessarily should be located in the corresponding sectoral ministry of the recipient country. Donor agencies sometimes develop special relationships with specific recipient country organizations and steer resources toward them on grounds that have little to do with appropriate ID. Avoiding such preconceived decisions or opportunistic choices and the ID failures they have led to requires that locus choices be made as a function of development strategy and the types of institutional forms most appropriate to that strategy. As noted below, however, the present state of knowledge about ID locus is not sufficiently aggregated to move very far beyond situation-specific pragmatism.

The third lesson is that ID interventions should be located where local development capacity either already exists or is nascent. This recommendation points toward piggybacking interventions onto traditional organizational forms, for example, farmers' groups, rotating credit associations, and so on. These local groups, through prior or current experience, represent a source of expertise and motivation that can be drawn upon in order to assure a match between the new intervention and culturally appropriate organizing modes and practices (see Hirschman 1984). For example, the Joint Commission on Rural Reconstruction in Taiwan successfully used local farmers' associations as a base for implementing land reform and pursuing rural development (Brinkerhoff 1980).

Toward Further Specificity

The intervention placement lessons presented above notwithstanding, choosing the right locus for a particular project remains a decision informed at least as much by intuition and hunch as by empirical guidelines. The state-of-the-art in ID analysis for institutional choice has yet to aggregate the various studies and analyses conducted to date to the point of providing decisionmakers with an integrated, empirically grounded choice framework of reliably predictive value (Moris 1984). For all the reasons cited in the introduction, ID is a difficult and complex area of investigation. Both the tradeoffs approach and the decision-tree approach to institutional choice represent examples of the contingency perspective that con-

ceives of appropriate intervention locus as a function of a series of fits among policy objectives, the intervention's technical content, indigenous performance capacity, incentive patterns, organizational structures, and so on.

Specification of the relevant variables influencing each of these fits holds the promise of building toward an analytic model with predictive power. It also faces some thorny problems. The next section addresses some of these, as well as several other concerns related to all three of the ID dimensions discussed above.

CROSSCUTTING CONCERNS AND CONCLUSIONS

This final section examines three concerns that cut across all three of the ID dimensions discussed above: categorization of development problems as institutional and the influence of level of analysis, definitions of effective and successful ID, and constraints on doing ID stemming from the operational realities of development assistance. The section ends with the presentation of a set of conclusions.

ID Problem Specification

As the analysis of ID in terms of what, how, and where dimensions has demonstrated, selecting actions to stimulate ID depends critically upon perceptions of what problem or set of problems are seen as located at the core of the ID construct. While, as the introduction notes, there is no single ID problem or solution, decisions about what kinds of problems are or are not institutional in nature lead to categorizations that imply a particular range of responses (see Mintzberg et al. 1976).

These perceptions, and the decisions that are based on them, are strongly influenced by the level of analysis chosen by the researcher or practitioner. Within the systems framework as applied to ID, the following analytic levels can be distinguished: the organization, the organizational subunit, the local community, the project, the market, the individual actor, and the interorganizational network (groups of organizations). The discussion has shown how different choices of levels of analysis lead to differing conceptions of the important elements of ID and of what to

do to promote ID. Noted in particular was the evolutionary trend away from a single-level focus on the organization (most often public sector) or the project toward a multi-level analytic perspective. For example, the learning process model combines the community-level focus with the organizational to arrive at a perspective on ID that targets the organization's ability to respond effectively to community-conceived needs and desires as the crux of the ID problem.

Level of analysis, in turn, is partially conditioned--especially for practitioners--by potential intervention points. From the action point of view, there is little to be gained by undertaking analyses that lead to nonoperational prescriptions. This helps to account for past concentration of attention on the organization and the project as analytic units. As other intervention points are considered or selected, different analytic cuts at ID territory are called for. USAID, for example, in making a policy shift to accord priority to intervening to influence developing country policy environments, has expanded ID analysis to incorporate more direct attention to the interorganizational level (USAID 1983).

ID problem specification needs to tread a path between two potentially troublesome poles. On the one hand, the cast of the analytical net must be inclusive enough to capture the key factors that play a role in building sustainable development capacity, while remaining sufficiently aware of the limitations of feasibility. On the other hand, available intervention modes should not be allowed to limit analytic latitude to the point where "privileged solutions" are applied regardless of their fit with the problem. Erring on the side of the former, inclusiveness without selectivity, has resulted in analyses that offer few policy or action levers. Overemphasizing the latter has produced suboptimal partialization where, for example, failure results from attacking interlinked problems with single project interventions (Moris 1984).

Effectiveness Definitions

Related to specification of what constitutes an ID problem and subsequent design and application of solutions is the difficulty in defining institutional effectiveness. The definition question, when coupled with issues of measurement,

becomes particularly complex. The evolution of thought on ID has demonstrated a series of definitions, some explicitly stated and others implicit. These have ranged from organizational survival over time, to delivery of goods and services to intended beneficiaries, to utilization of goods and services so as to enhance well-being and future development capacity.

A common thread running through all definitions of effective ID outcomes is the idea of sustainability. Successful ID means that something persists over time without continuous outside support and resources. Definitions differ over what is sustained, what time frame is applied, and what constitutes outside support. The latter, for example, can vary depending upon where the boundary between the intervention and its environment is drawn.

An important element of ID effectiveness, therefore, concerns the creation of a dynamic process that will last over time rather than the production of a tangible output representing the end product in a chain of actions. Because processes are notoriously hard to observe and measure directly, assessing intervention success in generating sustainability necessarily involves inference from some set of observable, proxy variables that are determined to be associated with ID.

In the field of institutional and organizational analysis, where the phenomena of interest are embedded in complex social systems with high degrees of innate indeterminacy, inference drawing can be risky. A variety of models of organizational effectiveness have been elaborated, exhibiting differing degrees of--or claims to--comprehensiveness (see Cameron and Whetten 1983). In fact, precisely because the determination of effectiveness is the subject of competing perspectives and judgments, who participates in that determination is an important factor in the definition process (Kanter and Brinkerhoff 1981). For example, Rondinelli (1976) expresses the view that one of the reasons developing country public-sector organizations are judged to be administratively weak stems from the fact that it is the donors who have set the administrative performance criteria.

Thus it is important to keep in mind that the establishment of a definition of ID success requires in itself an awareness of the underlying institutional parameters affecting the definition process. Stakeholder interests, access to decisions, and incentive patterns all play a role

in the outcome, no matter how widely perceived as being a "purely technical" affair. While the political side of defining effectiveness should not discourage the search for definitions and performance criteria, analysts and practitioners need to be sensitive to the potential impact of organizational actors' values and preferences on the outcome.

Operational Constraints

A variety of factors can be identified that comprise operational constraints on doing ID. These are a function of the nuts-and-bolts features of foreign aid and technical assistance. Several of these have already been mentioned or alluded to in the course of the discussion. The major ones can be summarized under the following two categories:

Differing Policy Objectives and Interests

Whereas donor agencies are interested in a specific range of activities oriented around a program with development objectives, developing country governments possess a larger set of goals, only some of which are developmental. The overlap, or lack thereof, in policy targets between donors and aid recipient governments is an important facilitating or limiting factor in doing ID.

If the donor agency is the major constituent for a particular development policy or intervention, its prospects for institutionalization in the host country are dim. For reasons of national sovereignty, donors are rarely able to bypass central governments and gain direct access to the rural poor or other beneficiary groups. Thus a significant constraint on all ID efforts is the strength, commitment, and seriousness of the central government authorities (see Leonard 1982).

Despite the self-evident nature of this observation, there are several complications. First, developing countries, particularly the worse-off ones, are heavily dependent on external assistance. Since the donors hold the resources, obtaining them usually requires accepting to some extent donor priorities and policy objectives. In most cases, though not all, the donors try to build some degree of fit between their priorities and targets and those of the recipient country. However, the imbalance in the power relationship frequently results in surface acquiescence by the weaker party. Thus the overlap in policy objectives

may be more apparent than real, with commitment existing merely at the espoused level.

Second, commitments made at one point in time may not hold in the future. The uncertainty and instability characteristic of the developing world mean that policy targets tend to be set on a conditional basis, subject to possibly rapid change (Moris 1981).

Third, strength, commitment, and seriousness are not evenly distributed throughout the recipient country government. These features tend to exist in pockets, changing over time. To the extent that ID interventions can gain access to, build upon, and expand these pockets, the chances of success are enhanced. Doing this has proven difficult for projects to achieve. Frequently the inverse is attempted; that is, simply trying to avoid the worst pockets of weakness and incapacity in the interests of meeting targets on schedule.

Bureaucratic Requirements

As many observers have noted, ID possibilities are significantly constrained by current administrative structures and practices of both donor and recipient country organizations (Moris 1981; Korten 1983; Rondinelli 1983). Project planning, design, and preparation procedures in most agencies require the packaging of interventions in preprogrammed, time-bound units with quantifiable targets and outputs (see Honadle and Klauss 1979). The flexibility, incrementalism, participation, and extended time frame necessary for ID frequently are incompatible from the outset with agency practice, or fall victim to unresponsive incentive structures over time.

Accountability is rarely to intended beneficiaries of development efforts, but to other external stakeholders with a variety of interests, often having little to do with sustainable development. For example, a statement made ten years ago about USAID is as valid today as it was then:

The long and politically complex process of institutionalization does not enable AID to meet the short term production requirements of Congress. . . . If AID has to demonstrate to Congress that its projects are doing something, if it has to show that it has increased productivity by x percent a year, it has to find institutional and organizational shortcuts (Blue 1975:61).

The bureaucratic need for demonstrable results quickly has been a driving force behind the projectizing of foreign assistance. Donors and analysts alike have been rethinking the appropriateness of the project mode as a means to promote sustainable development (see Morgan 1983). There have been some efforts to modify donor agency procedures to make ID more feasible. These range from tinkering at the margin of existing procedures (see Barnett and Engel 1982) to more radical prescriptions such as inverting the project design process, beginning with a participatory assessment of local people's livelihood strategies instead of with expert-led solutions to development problems (Korten and Carner 1984).

Flowing from bureaucratic requirements is the central issue of incentives. For the actors involved in designing, implementing, and overseeing development interventions--either donor agency or developing country personnel--the organizational environment they live in provides relatively few incentives that support ID-oriented action (see Heaver 1982; Moris 1981). For donor agencies, the drive to move money underlies the internal organizational signals that shape actors' behavior. For developing country agencies, savvy staff keep attuned to the desires of their hierarchical superiors first and the agency's clientele second, if at all (see Heginbotham 1975). Knowledge and understanding of client needs and desires often tend to be scant; staff rarely spend much time in the field (Chambers 1980). These incentive patterns are a major impediment to putting in place the kinds of organizational changes advocated as necessary to facilitate ID.

Conclusions

A number of conclusions can be drawn from this review of perspectives on ID. Five stand out as particularly key.

First, building sustainable development processes and institutionalizing mechanisms to continue those processes cannot be undertaken as enclave activities. ID means fitting change to a specific setting. Creating this fit requires interchange between the development intervention and its environment, both as part of the initial design of the intervention and of its implementation (see Honadle and VanSant 1985).

Second, because ID requires extensive environmental linkages and because it seeks to intervene in complex and uncertain situations, it requires effective management. Without the elements of an appropriate management system, development organizations lack the tools, techniques, and procedures to bring about ID. Building these appropriate management systems, however, must look beyond conventional organization theory, whose precepts, while generally predictive for the internal technical core, have proved weak when applied to organization-environment interaction (Kiggundu et al. 1983).

Third, ID is intensely political. Resource distributions, power, influence, prestige, physical well-being, and so on, are all affected when attempts are made to change the status quo. Efforts to sustain the changes dig deeply into sociopolitical turf. While important components of ID interventions are technical and a fit between technology and the user is necessary, experience has shown that failure to understand and adapt to sociopolitical factors is ultimately more damaging to sustainability and continuing impact.

Recognizing its political nature means that a concern for incentives is crucial to doing ID. Interventions must at the same time accommodate to existing incentive patterns and seek to create new ones in support of their objectives. This is a difficult balance to achieve and rests upon a better ability to identify and chart relevant actors' incentive structures and attendant choice valences (see Ostrom 1984).

Fourth, facilitating ID implies a shift away from a technical problem-solving orientation divided into discrete phases of identification, design, implementation, and assessment toward one of continuous bargaining, lobbying, and interest-group politicking. As Rondinelli says (1983: 124),

much more attention must be given to processes of reciprocal exchange, compromise, the trading of promises and threats, formal and informal bargaining and negotiation, mediation, and coalition building in the process of decision-making if development planners and administrators are to become more effective in coping with the complexity and uncertainty of development problems.

Fifth, continued applied research on ID is needed to better inform development decisionmaking. Integration and aggregation of existing knowledge should be undertaken in order to synthesize and codify the current state-of-the-art (see Moris 1984).

In addition, new theory and model building should seek to advance the state-of-the-art by exploring the potential of alternative analytic paradigms to standard social science models and methods. ID as a field of study poses significant problems for quantitatively oriented methodologies that assume or require homogeneous variable specification, comparability and consistency across cases, observable behaviors, system stability, and value-neutrality.

One promising avenue of investigation is what Miller (1984, Ch. 9) calls a "design science" perspective. This approach recognizes that institutions are socially constructed and therefore are both created by people and subject to change by them. Incorporating this thinking into the study of human systems suggests that the natural and physical science paradigm that informs mainstream social science should be modified in favor of one that builds on the role of people in "designing" their world.

This perspective aims not simply at explanation of social phenomena but also at generating improved performance in organizations. In Miller's words (1984:260),

design science embraces at least three factors to improve performance that natural science eschews: (1) commitment (utilizing all resources and changes that are not constrained for specific reasons), (2) ideas (spelling out the implications of goals for behaviors), and (3) follow-through (using feedback and open-ended, dynamic models).

This review of perspectives on ID has highlighted issues of incentives and commitment, the interplay between ideas about what socioeconomic development requires and how to foster it sustainably, and the importance of linking interventions to their settings through adaptive feedback mechanisms. Given these features of ID, a design science approach appears to hold promise for making the kind of knowledge advances in ID that will both increase understanding and improve performance. For the developing world such breakthroughs are critically important.

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