

INSTITUTION BUILDING

AS A DEVELOPMENT ASSISTANCE METHOD

A Review of Literature and Ideas



BY MICK MOORE
WITH SHEELAGH STEWART AND ANN HUDOCK

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Institution Building as a Development Assistance Method

*A Review of Literature and Ideas
Report September 1994*

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FOREWORD

What is currently meant by institution building, capacity building, organizational development, and related expressions attributed to this much debated phenomenon, in the development context? What are we, in the development community, trying to achieve with our assistance at national level to competence development and institution building? What are the existing and potential forms of assistance to this process? What are the alternatives to the failed individual foreign expert-local counterpart relationship? How do you measure institution building?

To shed some light on the current state of knowledge about institution building in aid programmes, and to come up with some guiding practical implications for aid agencies on how to approach the subject of institution building, SIDA's Evaluation Unit last year commissioned Dr Mick Moore of the Institute of Development Studies (IDS), Sussex, England.

His report is a critical analysis of current literature and ideas on the subject, not an evaluation. SIDA has, however, chosen to publish the report in this evaluation series in the hope that it may prove useful to aid agencies, as a background paper, in their planning and carrying out of evaluations of institution building in aid programmes. The report may also promote and further the discussion on and understanding of what aid agencies might do to improve on mechanisms used to promote institution building.

Dr Moore's report is seen by SIDA as a significant contribution to the discussion on institution building, deepening the understanding of the concept as well as the need for a more diversified focus and search for new mechanisms and vehicles for support. We wish to thank him, and his two assistants Sheelagh Stewart and Ann Hudock, for what we found to be a helpful and excellent report.

February 1995

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SUMMARY

The objective of this monograph is to summarize the state of knowledge about institution building in aid programmes and to suggest practical conclusions for aid agencies.

Experience and ideas are examined in Part A. The long definitional debate about the meanings of 'institution', 'institution building', 'organization' and related terms is reviewed. It is not possible to agree on clear and simple definitions of the terms 'institution' and 'institution building' that encompass everything that people wish to refer to when they use these words. This does not matter much: there is substantial implicit agreement on the meanings of these words, and disagreements exist only at the margin. One can have sensible and useful discussions and frame policies without first agreeing on the precise meanings of terms.

The core concern of institution building activities is to improve the effectiveness and capacity of formal organizations. There has been a considerable change in our understanding of the factors contributing to good organizational performance in recent years. There is now less emphasis on supplying the resources that organizations need, and more on locating them in an environment that places on them performance demands, pressures or disciplines. A framework for understanding these performance disciplines is presented. This involves examining organizations and their environments in terms of the 'stakeholders' involved. Politics comprises an important part of this environment; institution building is a more political activity, in the broad sense of the term, than has often been recognized.

Aid agencies appear to be less effective at institution building than at other types of activities. There are several reasons for this, including the inherently difficult nature of institution building. Yet institution building activities are currently in fashion in development aid activities, often under the new label of 'capacity building'. This implies that it is going to be difficult for aid agencies to respond effectively to the demands being made on them. The problem is all the more acute because the weaknesses of the main conventional mode of delivering institution building services through aid – the individual 'expert-counterpart' technical cooperation arrangement – have recently been widely recognized. The emphasis is now on long-term 'twinning' arrangements between institutions. Sweden has been a pioneer of this type of arrangement, and has learned that it is not easy to expand such arrangements rapidly.

There are a range of areas in which SIDA and other aid donors could attempt to improve their institution building policies and practice. These practical conclusions are presented in Part B.

INTRODUCTION

"The objective of the study is to arrive at a clearer understanding of institution building, and concepts related to it, and mechanisms of institution building, in order to make the concepts useful tools, practically and analytically, in development assistance" (Terms of Reference).

Simplified, the terms of reference are: to summarize the state of knowledge about institution building in aid programmes and suggest practical conclusions for aid agencies. This task turned out to be greater than originally anticipated. There is a very large volume of literature on the subject. Was the effort of reviewing it worthwhile? Are we able to draw practical lessons that SIDA staff were not aware of before? They will answer that question themselves. There will no doubt be some sense of frustration, for the literature itself is disappointing in the sense that it is strong on critique of what aid agencies do and on advocating alternative strategies at a general level, but thin on the practical 'how-to-do-it' conclusions and advice. Many people who believe that they know how to do it appear to have a very limited understanding of the constraints under which aid agencies operate.

However, we feel that this report has some important contributions to make. These are first and foremost at the level of clarification: explaining clearly concepts, issues and alternatives. There are three particular areas where we feel we have usefully helped to clarify:

1. The first concerns the meaning of 'institution building' and related terms. These are widely disputed and quite problematic. It required considerable effort even to work through the question of what 'institution building' can or should mean, and where its boundaries might lie. We have reached a view that is intended to be simple and practically useful – compared at least with what has gone before. This was achieved not by trying to 'polish' and refine all the formal definitions that already exist, but by looking at how the term is used in practice. If we understand that, and appreciate the advantages (and some costs) of ambiguity and imprecision, then we may be able to get on with practical tasks of improving institution building in aid programmes, and avoid becoming paralyzed by definitional questions (see Section 1).
2. We have provided a more complete explanation than is available elsewhere of the reasons why, compared with other activities, aid agencies appear consistently to perform less well at institution building. Part of the explanation is relatively familiar: aid agencies are

virtually obliged to act in relatively 'bureaucratic' ways inimical to institution building because of their 'alien' status (limited understanding of the societies they are trying to change) and their need to follow relatively inflexible financial procedures in order that they be accountable to their own governments and taxpayers. In addition, there are less widely appreciated problems that stem from the nature of institution building itself. For two distinct reasons, institution building is more difficult than other types of aid projects (Section 6).

3. Aid agencies are not by nature very effective agents for promoting institution building. But neither should they be. Their task is to fund the activity, not to do it. That section of the literature which is focused on ways in which aid agencies might become effective institution building agents is largely dealing with the wrong question. The question of how they best fund it has two general answers: (a) continued disbursement of small, discretionary funds by in-country aid offices on a 'local knowledge' basis; and (b) the support and promotion of the intermediary organizations – NGO coalitions, public and private consultancy-type bodies – that can themselves do institution building.

Leaving aside differences about the meaning of institution building, there are also significant differences in understandings of what terrain should be covered by a paper on 'aid and institution building.' Some readers may find that this report deals with different issues than they expect. One can identify three different emphases in the literature:

- (i) The resource approach, where the main problem is seen to be the supply by the aid agency of resources for institution building: finance, physical equipment, knowledge, training, etc. This is very much the traditional approach of aid agencies
- (ii) The 'demand' approach, where the emphasis is on the disciplines and pressures which bear on an institution to be effective. This approach finds support in contemporary management and organization theory, and in dominant political doctrines.
- (iii) The 'agent' approach, located in the profession of 'organizational development', which focuses on the methods to be used by the people – organization leaders, consultants, etc. – responsible for 'front line' institution building activity.

One cannot do justice to all these approaches given the acute resource constraints¹. For reasons explained in the main text, we focus here mainly on the 'demand' approach.

The paper is organized in two main parts. Part A deals with contextual issues: the meaning of 'institution building'; how we are to interpret accumulated experience with aid and institution building; and the ideas about organizational performance that should help shape donors' support for institution building. Part B deals directly with conclusions for aid donors. Section 14 summarizes the operational conclusions.

Insofar as this review has succeeded in covering the enormous range of literature on institution building within a brief time period, this is due to the efforts of Sheelagh Stewart and Ann Hudock, who have drawn on work that they have been doing for their own doctoral research on institutional development in developing countries. For very helpful comments on an earlier draft, we are grateful to Dr. Mick Howes of the IDS and to the many participants in a meeting held at SIDA, Stockholm on August 24th 1994. Stefan Dahlgren and Claes Bennedich of SIDA's Evaluation Unit have been very helpful in all respects.

¹ The budget for this report covered 16 days of professional time and three weeks of research assistance.

Part A:
Context – Definitions,
Ideas and Experiences

WORD GAMES?

"Despite the importance given to institution building by donor agencies, no general consensus exists on its meaning" (from the Terms of Reference for this study).

There is probably no other area of development policy where so much money is spent in pursuit of an objective whose very name, as well as content, is subject to such basic and continuing dispute. Virtually every publication on 'institution building' begins with an attempt to clarify terms². Paradoxically, there is no more agreement now than thirty years ago, when the term first became a standard item of jargon in development aid activities³. The potential cost is not simply the resources wasted in scholastic disputes: where basic concepts are not agreed, woolly thinking can thrive, and policy may not be as well-conceived as it should be. It would be wonderful to be able to announce that the problem has been solved: that a new and clear set of terms, fit for general use, have been produced. We have not attempted to do that, for it would be a doomed enterprise. One reason is that the term 'institution building' is now in such wide use that one cannot withdraw it. Another is that the term is widely used in part because it is so vague: it is a convenient label to hide both unclear ideas and, in some cases, relatively radical projects that might meet resistance were they to be given a more precise name. Finally, the situation is not so problematic as it appears in a literal perspective: there is in fact broad implicit agreement about the general meaning of 'institution building' in aid circles.

There appear to be three reasons for this lack of clarity of about words: some fundamental ambiguities in the English language; a marked preference among some practitioners of the academic disciplines of sociology and organization theory for abstract conceptual debate and jargon-generation; and the fact that

² We have not attempted to draw up a list of different definitions.

³ An example of the kind of definitional exercises to be avoided is provided by Van Reenen and Waisfisz (1988:17) who proposes to deny the label "institution building" to any activity designed to develop a project-specific organization intended to last only as long as the (aid) project.

unclear terms are frequently useful in political and policy contexts. We attempt here to explain the sources of the unclarity.

Two separate issues are in dispute. It is convenient first to deal with the minor issue: the distinction between 'institution building' and 'institutional development'. Some of the theorists who have written about these issues assert that the terms mean different things: 'building' is said to refer to creating new institutions from scratch, and 'development' to improving existing institutions (Van Reenen and Waisfisz, 1988)

This may be a useful distinction in some contexts. In particular, 'building' from nothing implies more concern with the supply of basic resources – staff, buildings, equipment, finance – than with 'development'. This distinction is, however, not consistently made in the literature. Some people use either 'institution building' or 'institutional development' to refer to all points in the process. This distinction will not be discussed further in this paper, because it does not appear fundamental or problematic. From the point of view of the agency promoting these kinds of activities, the issues and problems are much the same. In practice, most development aid is now concerned with improving on what exists rather than building from scratch. 'Institution building' and 'institutional development' are interchangeable terms for present purposes.

Regretfully, the main dispute about terms is not so easily disposed of. It lies in differences between the two English words 'organization' and 'institution'. 'Organization' is in fact relatively unproblematic. One can give it a formal definition: 'a structure within which people cooperate according to accepted and recognized roles'. More importantly, organizations are an easily recognizable category of real world things: football clubs, municipal administrations, companies etc. At the margins, there can be labelling disputes about particular cases. Some can be about whether a particular structure, such as a household, is indeed an organization. Others are more 'boundary disputes': for example, should a large network of closely related companies (or government agencies) be seen as a single organization or an 'organizational network'? But these are marginal disputes, for the criteria used are clear in principle: whether a structure is an organization depends on how much 'organization' it has.

'Institution' is problematic. For it is used in English to refer to a range of phenomena. At one end of the continuum, it is interchangeable with 'organization'. SIDA can be described equally validly as an organization or an institution. At the other end of the continuum is the formal sociological definition: 'any recurrent pattern of human behaviour'. Given this definition, the range of potential applications of the term is very wide: the celebration of Ramadan is an institution; so too is the 'English pub', 'the family', Bangladeshi land tenure practices, and 'law'. Realizing that this sociologists' definition is too broad and abstract to be useful for most purposes, some theorists have added a qualification: an institution is a

recurrent pattern of human behaviour that is socially valued. Unfortunately, this does not help: valued by whom, in what sense, and for what purpose? From the policy perspective, this broad definition of institution appears of little use, for it excludes very little. Almost anything could be described as 'institution building'.

How then did the term 'institution building' become 'institutionalized' in the foreign aid business? A brief look at origins is helpful. For there is a different distinction between 'institution' and 'organization', originating in the work of Philip Selznick, one of the first organization theorists in the modern sense of the term, that was taken up in a major way in the 1960s by the proponents of 'modernization theory'. Modernization theory was a loose body of academic work, dominant in American social science institutions oriented to the Third World, which was rooted in the very abstract sociological concepts of 'tradition' and 'modernity' developed in particular by Talcott Parsons. 'Development' was viewed in terms of a journey from 'tradition' to 'modernity'. But it was a very difficult journey, for it was believed to involve the wholesale replacement of 'traditional' values by 'modern' values. Development was all about value change. Therefore, the instruments of development were seen above all as instruments for changing social values. It was in this environment, in which 'values' were as central to development discourse as 'prices' were to become in the 1980s, that the modernization theorists seized upon Selznick's idea, that can best be expressed as a formula:

'Institution' = 'Organization' + 'Value'

Organizations were simply organizations, but if an organization was doing something especially valuable to society – in this context, promoting 'social change' or 'modernization' – then this would be signalled by giving it the title of 'institution'. 'Institution' was thus an honorific. Different scholars expressed the 'value' term in the equation in different ways. One example will suffice. It comes from a 1967 document by Milton Esman, one of the intellectual leaders in the field:

".... the approach presupposes that the introduction of change takes place primarily in and through formal organizations. When these organizations are change-inducing, change-protecting, and formal, they are considered to be institutions. These organizations and the new patterns they foster become institutionalized, e.g. meaningful and valued in the societies in which they function." (Blase, 1973: 1/5 - 1/6).

In more summary form, Esman defined institution as "a new or remodelled organization which induces and protects innovations" (Blase, 1973: 257)

This concept presumably helped boost the self-esteem of the people involved in aid programmes: they were not simply, for example, building a university in Africa, but building an 'institution'. The concept is, however, useless for policymaking purposes: how could one ever decide whether an organization was or was not 'inducing or protecting change?'

There is a second scholarly definition of 'institution': sets of formal and informal rules. This definition is favoured by New Institutional Economists, who are concerned especially with issues of property rights (see Section 4). For they can then define institutional development (the clarification and general improvement of property rights) as "a move from a less efficient to a more efficient set of rules" (Schiavo-Campo, 1994).

That particular definition is however specific to the framework used by New Institutional Economists; it is not useful more generally.

There is no point in exploring further this definitional point about the difference between 'institutions' and 'organizations'. Even if one could identify clear differences in principle, this would be of little practical relevance. Rather than focus on issues of definition and logic, it is more useful to look at 'essences': what do people seem to mean when they talk of 'institution building' and 'institutional development' in an aid context? There is in fact a common theme, that can be expressed both positively and negatively. Positively, 'institution building' refers to attempts to improve the functioning of societies by creating, strengthening or changing 'institutional software' – the way people relate to one another in the context of public action and public activities. Negatively, 'institution building' serves as a label for those development activities that do not centrally involve (only) physical construction, the transfer of physical and financial resources, or major policy changes. It is a term used for a range of activities that have not historically been viewed as the province of one of the core professional disciplines of the aid field – economists, engineers, natural resource specialists, medical personnel, population specialists etc.

This is all very diffuse. One can make it a little more concrete by conceiving the 'institution building' sphere in terms of a 'core' and a 'periphery':

- (i) The core of institution building is 'organization building', the enterprise of trying to support improvements in the effectiveness of organizations, separately or in networks, by changing their structure, management, procedures, etc. The objective is the more effective accomplishment of the tasks that a particular organization (or organizations) is/are supposed to undertake (for example, auditing public accounts). The means are building up the capacity of the organization(s) to do this task. Most of the activities undertaken by aid agencies under the label of 'institution building' have in practice been of this nature, and most probably have been focused on a single organization. The paradigm example would be a project to build an urban water supply and drainage system which had an institutional development component focused on improving the organizational capacity of the National Water Supply and Drainage Department in the country concerned. 'Organization building' is relatively straightforward: we have a fairly clear idea of what the term means.



PHOTO: AGNALDO MACIEL/BAZAAR

It is possible to improve capacity without necessarily building organizations. The Picture shows a typist at the Hospital Escuela Oscar Danilo Rosales, in Leon, Nicaragua.

(ii) There are a set of less well defined peripheral components of 'institution building' that also help to create, strengthen or change the way people relate to one another in the context of public action and public activities, but cannot be classified as 'organization building'. To attempt to categorize them would not be very helpful; it is better to cite examples:

(a) One can build up capacity without necessarily (only) building organizations. One can even succeed if organization building appears to fail. Suppose for example that one attempts to build up an economic policymaking capacity by creating a policymaking cell in the Ministry of Finance, training economists overseas, and providing them with the resources to work; but, soon after completing training, all the economists go to work in the private sector or in direct line (administrative) positions in government, such that the policymaking cell never functions as intended. This may be a 'failure'. However, it may be a relative success. For the objective of creating a more informed debate about economic policy options may be better achieved if the relevant human resources are dispersed in this way. Where it is possible to define

the objectives of institution building in terms of final 'outputs' or 'impacts', it may be positively misleading to see organization building as essential to achieving these impacts.

- b) Effective institution building may sometimes involve changing relationships among important actors without apparently changing the formal organizational context in any way. An example would be a project focused on establishing regular informal interaction between different groups of public servants involved in economic policymaking who had previously not been communicating with one another. This may be effective institution building if it leads to more considered policymaking (Schiavo-Campo, 1994).

In sum: (a) it is not helpful to attempt rigorously to define 'institution building'; (b) the term loosely refers to attempts to improve the functioning of societies by creating, strengthening or changing 'institutional software'; (c) it is a useful term; (d) the practical 'core' of institution building activity is organization building; and (e) there is a 'periphery' of other institution building activities that is difficult to describe or define.

In this report, the term 'institution building' is used in the broader sense; and 'organization building' is used in the more precise sense: an attempt to improve the capacity of specific organizations (or networks of organizations)⁴.

⁴ It is ironic that the author of best book on the subject of organizational performance in a development context chose to label it "institutional development" (Israel, 1987).

2.

Is INSTITUTION BUILDING A GOOD THING?

Is it a good idea in principle for aid resources to be devoted to institution building rather than to other activities? Since there is only limited agreement on what 'institution building' means, one cannot answer the question very satisfactorily. One can, however, usefully tackle it by looking at alternative claims. There appear to be only two general arguments, neither of them very plausible. One is that the key constraint facing developing countries is scarcity of physical capital, and that aid resources should be concentrated on that. This argument has not only been long out of fashion, but has been disproved to the extent that much research shows that there is little connection between levels of capital investment and rates of economic growth⁵.

The other, more contemporary, argument is that what is lacking above all in developing countries is an appropriate policy environment: particularly one that encourages the efficient use of public resources and stimulates private investment. In practice, this turns out not to be an argument against institution building at all, but an argument for focusing on certain types of institution building, notably the economic, social and legal institutions that support the market, and economic policy-making institutions.

There is then no compelling argument against making institution building a focus of aid policy. The case in favour is persuasive: it is empirically clear that more developed economies enjoy more effective public institutions of many kinds, and there are all kinds of logical and intuitive reasons to believe that there are strong causal connections between the two. The real scope for meaningful debate lies in the type of institution building that should be pursued.

5 There are many theories about the nature of the "other factors" that explain why the same amount of capital investment produces very different results in different environments. It is tempting for the advocates of institution building to claim that these factors must be "institutional". There is however no justification for that view, and certainly not for the implication that the missing institutional factors can or will be supplied through public investment in institution building programmes.

FASHIONS IN AID AND INSTITUTION BUILDING

It is likely that histories of aid and institution building by different scholars would read very differently: there is great scope for differing interpretations of the same facts. This is partly because of varying national and intellectual traditions, especially about what institution building is or should be. In particular, for most of the period since World War Two, most aid agencies have tended to equate institution building with the provision of expatriate technical assistance (Berg, 1993; Buyck, 1991).

This raises many problems (see Section 8). Some people would reject the idea that expatriate technical assistance could ever make a significant contribution to institution building.

Little purpose would be served here by attempting to write a history of aid and institution building. There are five important points:

- (i) There is no reason to believe that there is any consistent time trend, either in ideas or in the volume of aid resources, in favour or against institution building relative to other types of aid. As was noted above, institution building was a significant theme in the modernization theories that constituted the principal intellectual validation for foreign aid in the 1960s; it is currently again very much in fashion, albeit under more than one label (Clark, 1992; Edwards and Hulme, 1992).
- (ii) There are four major current aid donor concerns that essentially involve institution building:
 - (a) There is a general concern, focused most intensively on Eastern Europe and the former Soviet Union, to build up the institutions that support and promote the competitive market economy: commercial law, stock exchanges, (independent) central banks, private banks, insurance companies, bond dealers and other financial intermediaries.

- (b) In Sub-Saharan Africa in particular, aid donors in general, and the World Bank in particular, have been paying great attention to the development of local, African capacity to analyze economic policy options and implement economic policy⁶. 'Capacity building', a term very much in fashion in relation to Africa in particular, is institution building under another name. It is possible that 'capacity building' will become the dominant term in future.
- (c) The general 1980s ideological shift away from 'the state' and state-centred development policies has strongly reinforced trends to increase the amount of foreign aid flowing through the NGO or 'third' sector. This has resulted both in the emergence of a large number of new organizations and in large increases in the budgets and responsibilities of pre-existing organizations, many of them previously small or organizationally weak. Institution building has therefore become a dominant concern within this sector (Fowler, 1992)⁷.
- (d) The 'good government' agenda that has been accepted by almost all significant aid donors in recent years is in practice a wide-ranging institution building agenda. Because the term 'good government' is interpreted in so many different ways (Moore and Robinson, 1994) the range of types organizations that might be supported under this rubric is long: civil society organizations in general, including those discussed above; human rights organizations; political parties; legislative institutions; electoral institutions; judicial and law enforcement institutions; the mass media; and the state administrative machinery.
- (iii) Most institution building activity within aid programmes has involved mainly central government agencies, both at recipient and donor ends. The picture is however becoming more diversified, for three reasons: the shift of donor support to NGOs (see above); the likelihood that

6 Thus the World Bank's major initiative in 'capacity building', the African Capacity Building Initiative, is explicitly focused on economic policymaking capacity (World Bank, 19919). It is not being unduly cynical to point out that this concern with 'local capacity building' arises in a situation where policies of structural adjustment and economic liberalization have generally been designed by external, Washington-based, agents, and that this has become a bar to their credibility and effectiveness. The World Bank is displaying considerable concern that economic reform policies should be locally 'owned'. That concern is understandable and perhaps fully justified; it does however reveal the most manipulative aspect of aid donors' institution building activities.

7 So far at least, the agenda of concerns has been set largely by the specialized development NGOs, because they have the necessary intellectual capacity. The more traditional and established institutions of the 'third sector' – Rotary Clubs and other public service charities, 'friendly societies' (small scale mutual insurance clubs), trades unions, and building societies – have not participated. Local government has also received little attention, although it can plausibly claim to such local grassroots organizations as they work with.

conventional technical assistance (the individual expert-counterpart model) will be partly replaced by long term institutional 'twinning' (see Section 8); and the increasing role of the private sector in managing technical cooperation. This increasing diversity may mean that it becomes even more difficult to talk usefully about the whole field of institution building in aid projects.

- (iv) There appears at present to be more open-mindedness in aid circles about how institution building might best be approached than has been the case in recent decades. One symptom of this is the fundamental critique of conventional technical assistance that is being undertaken by the international agencies most centrally involved in channelling technical assistance to developing countries (see Section 8). A second is that the World Bank is now arguing that the 'confrontational' approach to cutting public sector employment that has been a standard formal component of structural adjustment packages has generally failed in Sub-Saharan Africa. In its place, is advocated a more 'bargained' approach institution building that takes account of local realities and variations (Dia, 1993).

Another symptom is the current absence of any 'crusade' from within the major aid agencies to promote a particular organizational model for developing countries. The last such crusade appears to have been the heavy promotion in the 1980s of the T&V ('training and visit') system of agricultural extension by some staff of the World Bank, and attempts to extend the model into other sectors such as health⁸. This open-mindedness is generally welcome, but of course reflects a depressing sense of widespread failure in institutional development efforts, especially in Sub-Saharan Africa.

- (v) Relatedly, there is a danger at present that 'institutional failure' is becoming the standard explanation for the 'development failures' that we do not really understand, especially in Sub-Saharan Africa⁹. The terms 'institutions' and 'institution building' may become so widely used in aid circles that they lose all meaning.

8 References back to the long debate about T&V can be found in Humle (1994).

9 Thus the foreword to a recent World Bank paper begins: "The social and political upheavals and economic crisis of post-independence Sub-Saharan Africa can be attributed largely to institutional and capacity weakness" (Dia, 1993:vii).

CHANGING IDEAS ABOUT ORGANIZATIONAL PERFORMANCE

The primary objective of aid for institution building is improving the performance (efficiency, effectiveness) of organizations, mostly not-for-profit organizations in the public sector or in the 'third' sector. No purpose would be served in having a general discussion of the question: 'performance at what?' Organizations are expected to perform a wide range of different types of functions; one can usefully discuss performance issues in general without specifying types of functions.

Our understanding of the determinants of organizational performance is in general not well developed (see also Section 6). It is a symptom of the underdeveloped state of the academic disciplines concerned – organization theory, organizational sociology, management science, etc. – that their practitioners often hide their ignorance by resorting to the kind of confusing word games mentioned in Section 1 above. Nevertheless, our understanding of the issues – and especially in the development context – has improved considerably over recent years.

One advance in understanding relates to the managerial level of organizational activities: to the kinds of issues that managers charged with achieving organizational goals need to understand. The issues have often been presented in terms of a dichotomy between 'blueprint' and 'process' approaches to organizational action. The essential point is that the limits of the 'blueprint' approach – involving heavy reliance on 'planning', on formal, 'rational' calculation of optimal strategies, and on prior definition of objectives and means – have been widely recognized. There is now much more acceptance of the need for the 'process' approach, involving (a) learning from experience; (b) emphasizing feedback and the correction of errors rather than trying to eliminate errors in design; and (c) positively valuing interaction between the organization and other 'stakeholders' in its environment, including 'clients'. The effort that has gone into combating the 'blueprint' approach in development debate presumably reflects the fact that ideas about development policy

and implementation were, until recently, substantially influenced by ideas of 'planning' of a relatively 'centralist' kind. The emphasis on 'process' perhaps does no more than restore a balanced commonsense (Brinkerhoff and Ingle, 1989)

It certainly does not settle practical questions about how much flexibility in objectives and means should be allowed in particular cases. This debate continues. Since there have been no marked recent advances in understanding this issue, and since the emphasis on 'process' is now virtually conventional wisdom, no more need be said here.

Other advances in understanding organizational performance issues relate to the strategic level: to the issues that concern those who can influence the general environment in which organizations operate. This is the level of greatest concern to aid agencies, who support institution building rather than do institution building. It is also the area where there has been the greatest change in ideas in recent decades. It therefore receives most attention here.

There have been two broad and related changes in our understanding of organizational performance at the strategic level. The most abstract and academic is presented first.

(1) New Institutional Economics

Over the past two decades, the 'New Institutional Economics' (NIE) has emerged as a thriving sub-discipline of economics. Its foundations lie in taking seriously the concept of 'transactions costs': the costs of information, negotiation and enforcement that are associated with economic transactions, and which previously had been assumed insignificant in mainstream economics. The concept of transactions costs permitted economists to begin, for the first time, seriously to investigate why organizations, such as firms, existed at all, and why they took particular forms in particular circumstances¹⁰. The actual content of NIE research is not relevant to this paper¹¹; NIE is mainly concerned with explaining why organizations and institutions¹² are as they are, rather than with evaluating their performance. The connection is that there developed, for the first time, an economic way of thinking about organizations. This is focused around the notion that organizations

10 The conceptual starting point is the hypothesis that all goods and services required for any purpose could in principle be purchased in the market. Why hire a secretary rather than paying someone every time that a memo needs to be typed? Such an apparently-simplistic starting point can generate a great deal of useful insight. For a review of NIE from a non-economists perspective, see MOE (1984).

11 One particular NIE tool has been widely used: the notion of 'principal-agent' relationships. The basic idea is simple: that many transactions are undertaken by an agent (e.g. a SIDA staff member) on behalf of a principal (e.g. SIDA), and that the interests of agent and principal will rarely be identical. The interesting questions relate to the arrangements (contracts, understandings, reward systems etc.) that may be made to minimize the consequences of this divergence.

12 NIE theorists see institutions as ordered relationships which define rights, privileges and responsibilities; they focus in particular on property.

are to be viewed less as products of culture, tradition and history, and more the result of the interactions of sets of rational actors pursuing material goals. NIE thus paved the way for scholars to think about organizations in terms of motivation, competition, efficiency, actor goals, and the possible conflicts between the objectives of individual actors involved in organizations and those of the organization as a whole or its 'owners'.

(2) From Resources to Discipline, and Supply to Demand

The more substantial change in our understanding of organizations (and institutions) has occurred equally, but in slightly different ways, both within industrialized countries and in the development field. It may best be described in terms of two changes of focus, closely connected, the first in a sense 'nested' within the second.

The first change is away from viewing 'resources' as the key constraint on organization building towards a focus on the 'disciplines' that affect organizational behaviour. Explanations of why organizations perform as they do are now less likely to focus on the adequacy of the resources they have available (competent staff, physical infrastructure, budgets, etc.) and more likely to focus on issues of incentive, motivation, reward and sanction. Crudely, what are the factors that encourage the staff of an organization to work and make their organization perform well?

In the industrialized countries, the dominant change has been the introduction, especially in the Anglophone countries during the 1980s, of a set of practices conventionally labelled the New Public Management (NPM). The central feature of NPM is the attempt to introduce or simulate, within those sections of the public service that are not privatized, the performance incentives and disciplines which exist in a market environment: clear separation between 'implementing agencies' and policymaking and supervisory Ministries, as the organizational basis for the rigorous calculation of service delivery costs and enforcement of 'value-for-money' principles; contracting out of service delivery to the private sector; competitive tendering for service delivery contracts among implementing agencies, public or private; devolution of power on budgetary and personnel matters to managers of units; budgetary flexibility to create incentives for economizing at the unit level; remuneration and promotion of public servants more on the basis of assessed individual performance; termination of central agreements with public service trades union and of standard, national employment conditions; the introduction of quantifiable performance indicators for public organizations; and the publication information of performance achievements.

The NPM approach has had little direct influence either on the administration of overseas aid or within developing countries. Ideas have however changed in the same general direction within the aid and development spheres, for two reasons.

One is that the whole justification for overseas aid as it currently exists was developed in the 1940s and 1950s on the basis of the notion of 'deficits': that developing countries crucially lacked things that developed countries had and could supply, including technology and institutions as well as finance. The emphasis on aid for institution building has historically been on the supply of resources in deficit: physical infrastructure, models of organization, and trained people. In practice, aid agencies have seen their technical cooperation programmes as essentially institution building activities, and vice versa. The increasing realization of the inadequacies of conventional technical cooperation (see Section 8) has thus been closely intertwined with the growing understanding that, to create effective organizations, it is not enough to provide them with the resources they need. They also need pressures to use those resources well.

The other reason why ideas have shifted towards 'discipline' from 'resources' in the aid field is the publication in recent years of some excellent research findings that provide strong conceptual and empirical bases for this change of direction¹³. There is real evidence that development organizations perform better when subjected to performance disciplines. The most significant single publication is Arturo Israel's *Institutional Development: Incentives to Performance*, (1987). Israel's framework is however incomplete, in that it focuses on processes largely 'internal' to the organizational sphere. Other authors have placed more emphasis on the broader environmental factors affecting organizational performance, especially political factors: the political 'demands' for performance (Brinkerhoff and Goldsmith, 1992; Goldsmith, 1991; Paul, 1991; Paul, 1992; Tendler, 1993a; Tendler, 1993b)

Their work complements Israel's, and permits us to present a more general framework for analyzing organizational performance. This framework is presented in Section 5.

Organizations, institutions and programmes tend to do well – to get resources, good staff, attention, priority – if they have political commitment. The need for promoters of institution building to try to ensure that such commitment exists – or to create it – is a recurrent theme in the recent institution building literature. This is implicitly a call for 'political marketing', and a critique of what is believed often to have happened in the past: donors supporting institution building projects to which there was little domestic political commitment, either from the host government or from other sources (Meyer, 1992).

13 It is certainly no coincidence that almost all the significant work has been conducted by or in association with the World Bank, which has exhibited clear ideological biases in favour of neo-classical doctrines and ideas, including the New Institutional Economics. That does not call into question the validity of the work, although it should act as a reminder that there are likely to be other parts of the picture that have not so far been exposed.

The material in the Box illustrates what can happen when aid donors focus on supplying institutional capacity to the neglect of the political demand.

All Supply and No Demand

The Case of Famine Early Warning Systems “Insufficient information to predict famine was widely seen to be a central reason for the failure of national governments and the international donor community to prevent famines in Africa in the mid 1980s. Since then, there have been substantial improvements in the development of multipurpose information systems to predict famine. Many new famine early warning systems (EWS) have been set up, but the goal of famine prevention remains elusive. At least in the Sahel and the Horn of Africa, the information now provided is not being used adequately.... To realise the benefits of EWS, constraints on the response side of the equation must be tackled” (Buchanan-Smith, et al., 1994: 69).

Information systems were set up, but had little effect because no one with the power to make use of them really wanted them.

UNDERSTANDING ORGANIZATIONAL PERFORMANCE: A FRAMEWORK

It is useful to begin with a perspective on organizations that in a doctrinaire form has been promoted by neo-liberal ideologists, but, in a more modest form encapsulates a great deal of commonsense. This perspective is built up from four main propositions:

- (i) People at work will tend to want to control their work environment to make life easier: to reduce the quantity of work they have to do, the degree of uncertainty they face, and the amount of change they will have to absorb; and to increase their remuneration.
- (ii) Organizations are potentially powerful and privileged in conveying to others an understanding of their purpose, the way they work, and their efficiency and effectiveness.
- (iii) This power and privilege will tend to be greater when particular organizations have a monopoly in their own field of activity, because it is difficult to compare their performance with that of a relevant other agency.
- (iv) Organizations that obtain their resources (finance) from non-commercial sources, especially from government budgets, will have scope to use 'political' mechanisms (in the broad sense of the term) to pursue the personal objectives of their staffs, at the cost of the taxpayer and the intended beneficiaries of their activities.

This bundle of elementary propositions are central to the design of the wide range of mechanisms that exist to appraise the use of public funds by 'institutionalizing suspicion' about the motivations and behaviour of public servants. These propositions become more than routine in the present context when one adds in two particular points about the development context:

- (i) In many developing countries, and especially those where the interests of broad socio-economic or occupational groups do not play a significant role in national politics, the personnel of the public sector

remain relatively privileged and powerful in relation to 'society' more broadly. Their potential to use control of public organizations for personal benefit remains high.

- (ii) As mentioned above, much aid for institutional development has been shaped by a very different concern: with 'deficits' rather than 'performance'.

It follows that aid agencies should pay more attention than they have historically to the performance incentives that bear on the organizations they attempt to build in developing countries. That is much easier to say than to do. For there are no clear or precise guidelines about how to do this. There is no consensus on the question of which performance incentives are important, either in general or in particular cases. We are not however in complete ignorance. We know that the New Public Management approach sketched out above is seriously incomplete: that it ignores a wide range of considerations that affect motivation and institutional performance, and leads to 'conclusions' about the need for 'market-like' arrangements in allocating public resources and rewarding staff that are often impractical, especially in developing countries.¹⁴ We can however combine some of the insights of the neo-liberal analysis with the conceptual framework provided by Israel (1987) and a range of other pieces of analysis and experience (Pfeffer and Salancik, 1978) to suggest a general framework for looking at the issue of organizational performance incentives which is of practical value. The framework will first be presented, and its application then discussed.

The Framework

The societal (as opposed to physical) environment which shapes the performance of any organization may comprise up to seven roles, each one having a distinct relationship with the organization:

- 1) Owner
- 2) Financier
- 3) User
- 4) Regulator
- 5) Political superior
- 6) Mafia
- 7) Staff

¹⁴ In particular, systems of contracting out public services through competitive tendering and rewarding individual employees according to performance require, to be effective, large amounts of accurate information and substantial inputs of high quality and honest management (Nunberg, 1992)

Depending on the type of organization, some of these roles may not exist. In other cases, two or more may be combined in the same relationship: a Ministry could be regulator, financier, owner and user in relation to a subordinate public agency. The main empirical types of relationship under each heading are:

Owner: By far the most common is business enterprise ownership (personal or impersonally corporate), where the prime motivation is profit. Other examples include owned sports teams/clubs, where the objective is competitive success and prestige.

Financier: This may be (a) a banking relationship, where capital is advanced in the hope of a pay-back; (b) the 'grantor-grantee' relationship that is dominant within the public sector and also used widely to fund not-for-profit private organizations; or (c) the 'dispersed donor' relationship, whereby organizations are financed by a continuous inflow of small donations from a wide range of small donors (e.g. many Northern NGOs).

User: There are three main categories of relationship here. One is the pure market mode, in which the financial viability of an organization depends on its ability to attract sufficient paying customers. Another is the 'owner-user' relationship, in which the organization is owned by the intended users, with a certain devolution of responsibility to a management: a village death donation society, a cooperative, the National Trust in the UK., etc. Satisfying user needs is important. Finally, users may exercise influence through 'voice': through making their opinions about an organization heard such that they may be acted upon through another 'discipline' mechanism. Public complaints about government services are the most common example; student evaluation of teachers is another such mechanism¹⁵.

Regulator: The regulator is an agency that checks that an organization is meeting standard criteria of performance laid down in 'law'. It includes: auditors, the regulators of public utilities (whether they are in the public or private sector), Ombudsmen, and the institutions of the law and the judiciary generally. The general characteristic of this relationship is that it is oriented to the fulfillment of minimum procedural or performance criteria, rather than to 'optimal' performance.

Political superior: This involves a very wide range of relationships. There are two main sub-categories. One is formal relations of inferiority-superiority in a bureaucratic system, public or private sector. The other is the non-formal reality of the power of states over their citizens: even large companies are obliged to pay attention to the wishes of (most) governments.

Mafia: A 'mafia' relationship exists where an organization is geared to serve the ends of some external agent who relies on the use or threat of force to gain compliance. This is rarely a productive relationship, and it is not something one needs to discuss in detail. It is useful to remember that, on a moderate scale, this relationship is not unknown in the public sector in some countries: an organization

¹⁵ For a useful discussion of 'voice' in a development context, see Paul (1991 and 1992).

with one ostensible purpose may function to serve another defined by people in power.

Staff: The ways in which the values and social relationships of staff may affect organizational performance are widely misunderstood, partly because of the recent influence of neo-liberal ideas that, as discussed above, are highly sceptical about the motivations of public employees in particular, and steeped in a narrow tradition, common especially in North America, that associates 'motivation' far too closely with relatively short-term, individual performance-related rewards. There is in fact little evidence to support the neo-liberal propositions about the behaviour of public servants (Gibson, 1990)

Conversely, a great deal of research, nearly all of it in developed countries, tells us not only that long term rewards (e.g. promotion prospects) can be very influential in motivating employees, but, more importantly, that non-material rewards can play a major role.

"There are three kinds of such (non-material – MPM) rewards: a sense of duty and purpose, the status that derives from individual recognition and personal power, and the associational benefits that come from being part of an organization (or a small group within that organization) that is highly regarded by its members or by society at large. Purpose, status and solidarity; these are the elements out of which a sense of mission might be established" (Wilson, 1989: 157-8)

The point is of great importance but remains a little abstract. One can reformulate it for practical use in appraising organizations. Significant non-material motivations for staff to work well are likely to exist in two main sets of circumstances:

- (i) One is where the organization itself is the source of motivation: where it is of high status; where recruitment is competitive and to a significant degree meritocratic, such that membership itself is a source of pride; and where the organization is believed, either by society at large or by particular groups, to be making some uniquely useful contribution to a valued social goal. Such motivation is particularly likely to be found in development NGOs, especially in their earlier stages, when they are still largely staffed or run by the original 'crusaders' who established them. The same phenomenon is however widely found in commercial organizations and in the public sector. Among the many factors which will affect its incidence are the scope and capacity that organizational leaders have to 'manufacture' and sustain such pride and commitment. Generally speaking, this kind of pride-in-the-organization requires regular nourishment through organizational leaderships skilled in manipulating symbols and cultural values.¹⁶

16 This is often difficult in the public sector, especially if recruitment is mainly on a patronage basis.

- (ii) The other major source of non-material performance incentives has been particularly devalued in the New Public Management Approach to organization: identification with professional norms and procedures. 'Profession' here has four defining elements: an occupation with a significant technical content that has been mastered only through extensive specialized training; the existence of professional norms about serving wide societal goals; some orientation of professionals to the judgement of their peers in the conduct of their occupation; and the existence of a professional organization with some degree of autonomy such that it can pass independent judgement on the qualifications and behaviour of its members. It is clear that the strong professional organizations and identities, that are found in many industrial countries, classically in medicine and law, are relatively rare in developing countries. However, research suggests that such identities do play a positive role in shaping effective administrators and leaders in Africa (Leonard, 1993)

Organizations with a significant professional cadre among the staff, especially at senior levels, are likely to have a relatively positive orientation towards service and performance. Issues of professionalism have generally been ignored or undervalued in contemporary development policy and debate.

Applications and Extensions

The most general implication of this framework is that one can usefully begin to ask the right questions about the actual and potential performance of any organization by examining the above list of roles and the extent to which any of them provide effective disciplines, positive or negative, on organizational performance. One can in addition make a few more specific points about how to think about the issue in particular contexts:

- (i) All disciplinary mechanisms are imperfect for one reason or another. They may be weak and/or create performance pressures that are biased and undesirable.¹⁷ Two or more disciplinary mechanisms will generally be better than one in relation to any single organization. Multiple accountability is the norm in organizational life, and should not be seen as a problem in normal circumstances.
- (ii) A somewhat stronger version of point (i), which is supported by considerable evidence and is very plausible, but is not beyond challenge, is that, a healthy (i.e. effective) organizational network is one in which there are multiple relationships of dependence, accountability,

¹⁷ For example, commercial discipline alone can create the incentive to make profits independently of the effects on society or the methods used; political disciplines can create the incentive to use public resources to meet the personal needs of individual politicians.

or countervailing power between organizations. In practical terms, this implies that one can obtain useful insight into the influences bearing on an organization by counting the number of significant linkages it has with other organizations: the more, the better, because linkages imply the existence both of some kind of accountability mechanism and of a wide scope for inter-organizational learning¹⁸. (Note that this belief in the importance of inter-organizational linkages fits well with the argument in Section 1 for preferring the term 'institution building' to 'organization building'. Part or all of the difference between 'institution building' and 'organization building' lies precisely in the creation of these inter-organizational linkages).

- (iii) For market-oriented organizations, the discipline problem is largely solved by the discipline of the market: while far from perfect, this has a high degree of automaticity. For other organizations, the central problem normally lies in the extent of availability of information adequate for the various disciplinary mechanisms to work effectively. For organizations have an in-built advantage in terms of access to information about their own actual or potential performance, all the more so if (a) they have unique access to specialist information; (b) they cannot easily be compared with other organizations; and (c) their 'outputs' and/or 'impacts' are difficult to detect or measure.
- (iv) The most powerful analytical tool for examining the nature and consequences of this 'information problem' in organizational performance is the concept of 'specificity' developed by Israel (1987) in work explicitly concerned with organizational performance in the aid and development contexts. The central insight behind this concept is that there are wide variations among tasks or jobs in the extent to which poor or inadequate work performance is, as a result of 'structural' features of the task itself, likely (a) to be noticed and (b) to lead to direct and automatic sanctions against the person(s) responsible. The more these things are true, the higher the 'specificity' of the task, and the greater the in-built incentives for the operators to perform well.

"Specificity is defined in terms of two groups of elements: (1) the extent to which it is possible to specify for a particular activity the objectives to be attained, the methods of achieving those objectives, and the ways of controlling achievement and rewarding staff; and (2) the effects of the activity – their intensity, how long it comes

18 This line of argument about the connection between inter-organizational linkages and effective organizational performance has been pursued extensively, in relation to small-scale local organizations in developing countries by Esman and Uphoff (1984). They identified a statistical connection between organizational performance ratings and the number of horizontal and vertical linkages.

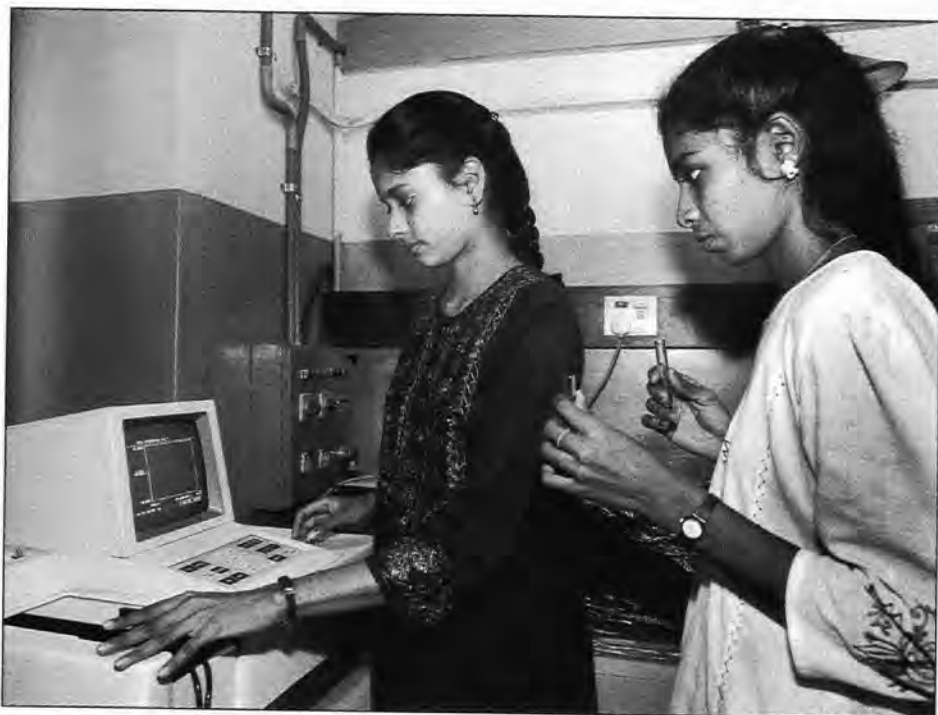


PHOTO: HENDUR NITIOANY/BAZAR

Several factors influence the development of institution building, for instance the owner, the financier, the user, the political superior and so on. The photo shows the 'Centre for Protein Engineering and Biomedical Research' in Madras, India, supported by SAREC.

for them to be apparent, the number of people and other activities affected, and the practical possibilities of tracing the effects" (Israel, 1987: 4-5).

The paradigm case of a high specificity activity is the maintenance of aircraft engines. If the job is done badly, the implications tend to be direct, immediate and highly visible, and the source can usually be traced. By contrast, an integrated rural development project is a paradigm example of a low specificity project: the objectives are multiple, imprecise, and often difficult to measure; multiple agencies and means are employed; responsibility for poor performance is difficult to assign and easily disputed; in consequence, effective sanctions against poor work are limited.

"High-specificity activities have been defined as those in which the effects of a good or bad performance are intense, immediate, identifiable, and focused. Conversely, the effects of performance in low-specificity activities are weak, delayed, less identifiable, and diffused" (Israel, 1987: 57).

Israel's work provides the most useful new insight into organizational performance and institution building to have appeared for some time, especially in the development field. It is essential reading for those seriously interested in the subject. For other readers, it is important to note that it is not simply a theoretical exercise. He provides convincing evidence, from the World Bank's own experi-

ences, that the degree of specificity of projects is significantly associated with the degree of success in project implementation¹⁹.

There are two general implications of these findings. One is the need to try to organize activities in such a way that they become as 'specific' as possible in Israel's sense. The other is best posed as a question: are there some activities that are of such low specificity that they will tend to be done badly, and may not therefore be worth attempting at all, even if the objectives they set out to achieve are highly desirable? As is explained in Section 7, this question can usefully be posed in relation to institution building itself.

¹⁹ It follows that the degree of success in project implementation depends more on project type (degree of specificity) than on country location (Israel, 1987:4).

ORGANIZATIONAL PERFORMANCE: THE LIMITS OF UNDERSTANDING

It should be emphasized that the previous section is intended only to provide a framework for thinking about issues of organizational performance; it is not a 'formula' which, if primed with the correct information, will provide a reliable prediction about organizational performance in particular cases. Our capacity to predict is low. This is true even of developed countries, where almost all research has been concentrated. Some observers believe that organization theory has little or no practical value (Werlin, 1991).

Research on organizational performance in developing countries – of which there is anyway rather little – suggests that the causes of cases of good performance can sometimes lie in quite diverse factors and unexpected combinations of procedures and events (Moore, 1989; Tendler, 1993a; Tendler, 1993b).

Such findings can be interpreted as evidence of our ignorance. Alternatively, they are quite consistent with the framework set out above: for, if an organization's performance is strongly affected by the 'disciplines' or 'demands' arising from its linkages with other institutions and organizations, changes in the outside world can affect it directly and sometimes quite quickly. In the simplest case, a major disease threat to the orange crop on which a local economy is dependent can galvanize into effective action an apparently ineffective agricultural extension service. In more complex cases, projects that had dragged on ineffectively because the design was too elaborate for effective implementation were actually completed with good results only after delays in disbursement of funds gave project managers the freedom to simplify the procedures (Tendler, 1993a; Tendler, 1993b).

One implication of this research is that one should always be prepared for the unexpected. There is however a broader implication that is somewhat less trite: that organizational performance may not increase in that linear, incremental way that we tend to expect. It may be more fleeting and situation-specific. An organization that performs well at something this year may appear to be ineffective next

year.²⁰ The assumption underlying many institution building programmes – that organizational capacity will tend to develop (or diminish) in an incremental and relatively stable way – does not seem justified by the evidence (see Section 1).

20 One would indeed expect a great deal of variability and instability in an environment, such as that found in many developing countries, where sources of performance discipline are relatively few and unevenly spread, and key resources such as food managers or organizational leaders are also scarce (and mobile).

THE INHERENT PROBLEMS IN AIDING INSTITUTION BUILDING

A recurrent theme in the literature on aid and institution building is that aid agencies are not very good at this particular job, and certainly less good at it than projects with larger hardware components. There is in fact some rather convincing evidence in support of these propositions:

- (i) The World Bank's reviews of its own projects, divided into 'institutional development' and 'physical' activities, "have consistently arrived at the conclusion that the physical components of programs have been successful about twice as often as have institutional development components" (Israel, 1987: 2)²¹.
- (ii) A study of evaluations of recent USAID projects completed in 1985 and 1986 found that 40% of projects had received a strongly negative rating in relation to their contribution to improving institutional capacity (Kean and al., 1988).
- (iii) A study of recent British aid projects with institution building components involved looking at five projects in depth, 15 Evaluation Summaries, and 50 Project Completion Reports. Each data set indicated that the institution building components had been less successful than the other components (Austin, 1993: 11-27).

There is a conventional argument for these findings that has two main components, each relating to the character of the aid agencies themselves. One component is that aid agencies operate as bureaucracies in the pejorative sense of the term: they are relatively rigid and inflexible in approach, operate in a 'blueprint' rather than a 'process' mode, prefer standard formulas and approaches, are focused on achieving the main goals by which they are judged, i.e. spending large quantities of money in the short term, and therefore only pay serious attention to

21 See also Buyck (1991), Gray, et al. (1990) and Lethem and Cooper (1983) for assessments of the World Bank institution building work.

large scale activities²². All these characteristics are inimical to effective institution (and organization) building, which requires a different approach: patience and a long time horizon; experimentation and willingness to admit and learn from mistakes; human skills and sensitivity rather than expensive hardware; and sensitivity to the particular cultural and political environment into which the institution is to fit (Van Reenen and Waisfisz, 1988).

The second component of the conventional argument is that aid agencies perform all the worse in these respects because they are not only bureaucracies, but foreign bureaucracies with limited understanding of, communication with, or empathy for the environment in which they operate – and often handicapped by high staff turnover rates of field staff (Diallo, 1991; Edgcomb and Cawley, 1991).

There is certainly some truth in these conventional arguments. But it is unlikely that they provide an adequate explanation for the facts. It is likely that there are two further reasons, stemming not from the character of aid agencies, but from the nature of institution building itself:

- (i) Institution building is a 'low specificity activity' in Israel's terms (see above). It is very difficult to assign responsibility for good or bad performance, because we have no very well developed idea of how institution building is achieved, no standard work plans that those responsible for projects should follow, and no precise techniques for measuring progress (see Section 13). Agents charged with achieving institution building who are doing a poor job, whether knowingly or unknowingly, will tend not to be held responsible.
- (ii) The 'hardware' components of aid projects tend to be completed with relative speed and enthusiasm because there are either suppliers or contractors who have a clear interest in progress and capacity to bring influence to bear. Such influences may not always have a benign effect on the quality of work, but they do tend to encourage completion. By contrast, projects lacking major 'hardware' components – i.e. most institution building projects – tend not to enjoy this kind of political support, are less likely to be given attention and priority by decision makers (Tendler, 1982).

Institution building is doubly difficult for aid agencies: first because they are aid agencies, and second because the task itself is difficult. Unfortunately, there are no clear or simple solutions.

22. Leonard (1987) classifies managerial functions into four categories in terms of their contribution to project success: public policymaking, organizational leadership, internal administration and 'bureaucratic hygiene' – and argues that the latter, which is the least important, is the one of greatest concern to aid agencies in relation to the projects that they fund.

TECHNICAL COOPERATION AND INSTITUTION BUILDING

Technical cooperation is in principle distinct from institution building. Yet the two have often been treated as near-equivalents in the discourse of aid agencies: the prime purpose of technical cooperation is believed to be institution building, and the aid donors' main contribution to institution building is believed to be through financing technical cooperation. Because of this close identification, and because technical cooperation has received fundamental criticism from the major, established multilateral aid agencies in recent years²³, it is useful to make a few general points about the connection between technical cooperation and institution building.

- (i) Criticism of technical cooperation has rightly focused on the 'individual expert-counterpart' relationship: the arrangements by which individually-recruited 'experts'²⁴, mainly from the donor countries, occupied posts in developing countries at international salary levels for fixed periods of a few years, during which they were required both to do a particular job and train the local 'counterparts' to whom they were attached. Recent reports have placed the official stamp of approval on what has been widely known for years: that such arrangements are extremely expensive; that there is little evidence that they are generally effective in the training function; and that they generate adverse effects as a result of the enormous differences in remuneration levels between the experts and the local people with whom they are expected to work.
- (ii) Not all expert-counterpart relationships have failed. In general, they have been relatively successful in activities which (a) have limited

23 The most influential critique is likely to be Berg (1993), partly because it emanates from the UN agency with the strongest vested interests in 'old-style' technical cooperation, the United Nations Development Programme (UNDP).

24 It does no harm to repeat the old definition of 'expert': an 'ex' i s 'has been'; and a 'spert'(spurt) is a drip under pressure.

institution building dimensions and (b) involve the transfer of scientific and engineering knowledge, especially the kinds of knowledge, like most mechanical engineering, which is robust over a wide range of physical environments (Muscat, 1986).

Unfortunately however, the growth in technical cooperation in the region that is most deeply problematic – Sub-Saharan Africa – has been concentrated precisely in the ‘softer’ areas – institution building and project-related training – in which the record is poor (Havnevik, 1992).

- (iii) The relative failure of the expert-counterpart model in contemporary developing countries, especially Sub-Saharan Africa, may easily be interpreted as evidence against almost any kind of technical cooperation activity in the institution building sphere which has a substantial expatriate input. This would be wrong. There is no reason to believe that the individual ‘expert’ from a more ‘developed’ country will generally fail. On the contrary, the history of economic and administrative development, beginning in Europe at least two centuries ago, and including the development of the much-admired ‘Japanese model’ of industrial organization in the late 1940s, is replete with examples of successful import of foreign experts.

“The difference between technology transfer in Europe and Africa thus is not the importation of foreigners: it is their presence in privileged enclaves on two year contracts. When the French went to Prussia (as fiscal experts in the late 18th century – MPM), they went to settle” (Leonard, 1987: 904).

It is the level of commitment and the nature of the social relations between foreign expert and local people that matters.

- (iv) The fundamental criticism of the expert-counterpart model has led to increased attention on the only alternative general model of technical cooperation: long-term ‘twinning’ arrangements between organizations in developing countries and ‘counterpart organizations’ in donor countries. The idea is far from new: it has long been practiced in commercial activities, notably in arrangements between established and new or weak airline companies. This is however a new activity for aid agencies; experience is therefore very limited. This is an area in which Sweden has led other donors. It is questionable whether ‘twinning’ can meet the expectations which it is now generating (Berg, 1993: 116-120; Cooper, 1984). In principle the arrangement has several advantages: the greater credibility and acceptance of the ‘donor-side’ personnel in the recipient country because they come as fellow professionals with similar problems; flexibility in the type of assistance to be provided and in the timing; the scope for a variety of types of inter-personal interaction; and the possibility of long-term

relationships. There are however a number of actual and potential problems with such arrangements: potential donor-side supplier organizations may be limited in number, especially in small donor nations; they may be inappropriate, especially if they engage in a diverse range of activities in addition to those performed by the recipient organization; it is difficult to draw up a contract to regulate the relationship, and disagreements and misunderstandings may easily arise; and the costs, in time and effort, as well as cash, in establishing twinning arrangements are often high. Successful twinning may require the skills of a matchmaker. New potential First World twinning partners will emerge. In particular, local governments in several aid donor countries see the potential, and are offering 'technical twinning' arrangements with local governments in recipient countries to supplement the established 'cultural twinning' arrangements between towns and cities across national frontiers. The usefulness of this 'technical twinning' system has however yet to be proven.

(v) The dominant and most expensive component of conventional technical cooperation, the expert-counterpart model, has come in for a great deal of authoritative criticism recently. However, another significant component of technical cooperation budgets, with considerable implications for organization building, has not been examined to anything like the same extent: training. The offer of some kind of training appears almost the 'default mode' of institution building: the automatic preferences for aid donors. It is usually possible for aid agencies to organize training by calling on developed country resources; training generally seems to be a good thing; it is often popular with the staff of recipient organizations, especially if held overseas; and it is not perceived as likely to do damage. The latter assumption is however questionable. Any kind of training can de-motivate staff, and thus cause damage, if it increases their sense of frustration. This can happen if, for example, people are trained to use sophisticated equipment to which they do not have effective access in their work environment, or if they are 'trained' to work in ways that happen to be infeasible, e.g. because of the political constraints on their organization. More precisely, overseas training can damage, or fail to enhance, 'organizational culture' or 'organizational ethos'. High levels of trust between the staff of an organization are in most circumstances important contributors to effective organizational performance: they increase the capacity to take risks, reduce the degree of adherence to unnecessary formal routines and procedures,

and are associated with high levels of identification of staff with the organization. Trust comes from many sources. One major source, especially valuable when an organization recruits staff from diverse backgrounds, is common experience, especially common experience of (manageable) difficulty and adversity. Demanding training courses can provide exactly such experience. Conversely, the practice of sending staff as individuals on a diversity of training courses, especially to high prestige overseas courses that become a mark of individual status, can be precisely to fragment an organizational culture, leaving individual staff members with little sense of common identity or shared experience. The conclusions are clear in principle, although often difficult to implement in practice: training can do damage as well as good, and needs to be examined carefully; collective training is generally to be preferred over individual training, and this is all the more true the less specialist and technical the content of the training.

THE GENDER DIMENSION

Gender issues and policies in the aid arena are fundamentally conflictive. Even leaving aside the vulnerability of aid agencies that raise gender issues to the charge of 'cultural imperialism', there is the more fundamental and widespread problem: to make gender a policy issue is to challenge dominant cultural norms about the distinction between 'private' and 'public' spheres, and to generate, mainly but not only in men, a deep sense of threat and insecurity. In practice, gender issues mainly arise in development and aid practice in contexts in which both women and gender relations can safely be treated as 'object': they are about the ways in which women and gender, 'out there', are treated (mistreated, ignored) by public agencies. The agencies themselves are normally seen as instruments of one or other kind of treatment of women, but not fundamentally part of the problem, which is viewed as external. A gender perspective on institution building however problematizes the nature of the agencies themselves, raising issues that many people find very difficult, both intellectually and personally.

Public organizations are not general neutral, and not independent of their social context. They are 'gendered' (i.e. function in ways that reflect gender inequalities in society at large) and 'gendering' (i.e. help reproduce those inequalities). Success in implementing gender and development policies – i.e. redistributing resources and values between women and men – will therefore require changes in the instruments of public and political action such that they reflect and reproduce gender inequalities to a lesser extent than at present. Sympathizers will find this perspective inherently plausible, but may wonder about the practical implications. Non-sympathizers may dismiss it as a meaningless abstraction, and demand both practical illustrations and practical conclusions. The problem in responding to both needs is that, in the development context, there is rather little theoretical work on gender and organization, and even less empirical work. One might argue that this does not really matter: that the conclusions of the growing volume of feminist research on gender and organization in developed countries are transferable to the organizational context in developing countries (Coleman, 1991; Goetz, 1992).

In practice, the scarcity lack of locally-grounded research is an obstacle, for it

is difficult to change opinions in developing countries by citing evidence from developed countries.

Some recent fieldwork in Bangladesh, looking at the effect of the presence of women in development agencies on the agencies' work with rural women, illustrates vividly both the validity of the gender perspective and the practical dilemmas to which this gives rise²⁵. In a state organization very much influenced by the gender concerns of a powerful foreign aid donor, employment conditions recognize that marriage and child-rearing are socially and culturally virtually obligatory for women. Women are permitted to take all their annual leave entitlements, (with only minor rather than major prejudice to their careers), and are required neither to work outside office hours nor to ride bicycles or motorcycles for fieldwork. As a result, the agency retains women employees, who may be able to benefit from a substantial nucleus of female colleagues at their place of work, despite hostility and harassment from male colleagues. The women however have great difficulty in developing and acting upon an oppositional perspective on gender relations and the agency's gender work, and instead conform to the views and practices of their male colleagues, which tend to be gender-discriminatory. By contrast, a major NGO with a commitment to gender issues requires a level of commitment from all its field staff – including working in villages at night, riding bicycles or motorcycles in rural areas, and voluntarily foregoing leave entitlements – that is incompatible with womanhood as it is understood in Bangladesh. Such demands are especially intense during the early career stages, and thus coincide with the normal peak demands of marriage and motherhood. Women staff face enormous physical and psychological pressures, and drop-out from the job at a high rate. Those who are successful in career terms are required to become 'sociological males'. Once again, they too conform to the perspectives on gender that dominate their organization, rather than institutionalizing women's development interests.

This example illustrates in particular how a serious concern to maintain high levels of organizational performance – on the part of the NGO – can directly conflict with a gender agenda. More generally, it demonstrates that there are no formulae for improving gender relations within public organizations. This does not mean that there is little scope for effective action. On the contrary, the fact that there has been little research on the gender dimensions of public organizations in a development context at least raises the possibility that research will have a high pay-off, generating useful results. This is the area within the institutional development field which has clearly been under-researched, and where one can recommend more research with a clear conscience. In this case, research could be useful in fulfilling both its formal purpose (generating new knowledge) and its informal purpose (drawing policymakers' attention to the issue).

25 We refer to the recent work of an IDS colleague, Ann-Marie Goetz.

THE CULTURE PROBLEM

Institution building and technical cooperation programmes are frequently criticized, and sometimes fundamentally attacked, for attempting to transfer 'alien', 'Western' models of bureaucracy and organization into inappropriate environments. How should aid agencies respond? That depends on what the criticism is. Very often it is the simple but very important point that agencies should be sensitive to the particular environments in which they operate, develop 'local knowledge' and find out what is going on and how things are done locally. There is no scope to disagree with that view, and every reason to continually re-emphasize it. It is important to know that in country X etiquette demands that major 'business' issues are not discussed at a first meeting, or that in country Y the district administrators are in fact subordinate to the district secretaries of the ruling political party. The advocates of 'cultural sensitivity' are however often asking for something much more radical: that the allegedly-'Western' organizations that are associated with aid be re-fashioned to fit in with local culture, where 'culture' means the ways of life and thinking of local national or ethnic groups. This more radical position raises two related questions.

The first question is whether it is true that particular institutions or organizations are in some sense distinctively Western (or associated with some other cultural area), such that cannot easily be made to 'fit' into, say, Nigerian or Cambodian society. One would like to deal with such issues on a case by case basis, although we have little capacity to do that (see below). One can warn against some fairly widespread 'extremist' assumptions, notably the ideas that 'bureaucracy' in general, or particular variants of it, originated in 'the West', and are somehow uniquely adapted to Western culture. Some of the earliest bureaucracies were created in China. The 'modern' civil service that was introduced in Britain in the mid-nineteenth century was modelled in part on the East India Company's administration in India, which in turn drew upon existing Mughal models, which in turn..... The 'Japanese model' of industrial organization that has proved so successful in Japan in recent years, and has so often been seen as the epitome of Japanese culture, was created in part through American advice after World War Two. There is a very long history of cross-cultural learning and experimentation in



PHOTO: HELDUR NETOCNY/BAZAAR

Often institution building and technical cooperation programmes are criticized, for attempting to transfer 'Western' models of bureaucracy and organization to inappropriate environments. This is even more complicated when a country has many minority groups, such as Vietnam for instance with its approximately 60 different minorities. These are fishermen in northern Vietnam.

respect of organizational forms. There are indeed often tensions between the demands of organizational life – especially the life of large scale, formal organizations – and the ways of life of ordinary people that we label 'culture'. For contemporary Sub-Saharan Africa, a favourite theme of academics seeking to explain political and economic crisis is that the norm of 'impersonality' in conventional bureaucracy is inconsistent with 'African' norms of obligations to kin and neighbours; public servants feel a duty to use public resources to meet these obligations. That observation is valid, but does not constitute grounds for arguing that 'bureaucracy' is 'alien' to Africa in a way that it is not, or never has been 'alien' elsewhere. There is a great deal that we do not know, but it is clear that we are talking of degrees of difference, not of polar oppositions or impossibilities.

The second question is whether we actually know enough about the 'fit' between 'culture' and different types of organization such that we could design organizations for cultures. It is striking that, in this review, we came across many injunctions about the need for 'cultural sensitivity' in organizational design, but only one concrete illustration of what this might mean in practice²⁶. This was the argument that patron-client relationships within organizations may be a positive thing in Africa because, in environments where levels of social trust are low, kinship or other personal connections can provide the inter-personal trust that can be so important to organizational effectiveness. The argument is very plausible, perhaps too much so. For the author goes on to remark that "such relationships are quite common in American universities and public agencies" (Leonard, 1987: 905).

If this is true, then the problems of fitting formal organizations into differing cultural contexts may be far less than is often believed. In any event, the onus is very much on the advocates of 'cultural sensitivity' to provide more evidence of what this should mean in practice²⁷.

This is not a new issue to social researchers; there is in fact a large literature on the subject. That literature is itself confused and inconclusive, in part because the term 'culture' is so very vague and is used in so many different senses (Brown, 1989; Vengroff, et al., 1991).

It is unlikely that the next piece of research will radically change the picture. The operational conclusion for aid agencies seems to be that they should concentrate on the manageable problem of developing sensitivity to local environments, and not worry too much about the deeper 'problem', that is ill-defined and appears to have no 'solution'.

26 See also Eldridge and Mahmood (1993).

27 Dia (1992) is a recent example of a paper that is militant about this issue, but actually has no practical guidance to offer beyond 'sensitivity', failing to identify any management practices that are specifically African.

Part B:

What is to be done?

DAMAGE LIMITATION

One often encounters arguments, sometimes eloquent and passionate, that aid donors' stated concerns with institution building are effectively hypocritical, because aid agencies do more damage to public institutions in recipient countries through their routine modes of operation than they could ever repair through deliberate institution building policies. Better, it is said, first to stop doing damage before attempting to do good (Hirschmann, 1993).

There are two common arguments, both hinging upon the effect of the aid donors' presence on the deployment of scarce skilled local personpower, especially in public management and policymaking. The more scarce such resources, the more serious the problem, and the more vehement the denunciations of the aid agencies. Such arguments are thus in general more commonly applied to Sub-Saharan African countries than to most other parts of the Third World, and, within Sub-Saharan Africa, to acutely affected countries like Mozambique and Angola.

The more common argument concerns the way in which aid agencies (multilateral, bilateral and NGOs) are able to attract into their 'own' employment scarce and valuable senior administrative (and skilled technical) personnel by offering far higher levels of reward than the public service is able to offer – where 'own employment' includes both (a) the local offices of aid agencies and (b) the projects which they fund, in which local staff are offered all kinds of rewards additional to their public sector salaries – direct salary supplements, trips overseas, generous travelling allowances, etc.

There can be little doubt that this is a serious problem in many countries of Sub-Saharan Africa in particular, where public sector salaries are extremely low. Public agencies cannot function well if (a) their best staff are employed by aid agencies and (b) other staff behave so as to please and impress aid donors in the hope of also receiving such job offers. The problem has received considerable attention and discussion over the years, but nothing has been done to alleviate it. There is a broad formula that is very attractive in principle and has often been advocated: (a) aid agencies should not pay salaries to attract public officials into 'their' employment, but (b) should instead pay a levy from their aid inflow into a central fund which

would be used to supplement a wide range of (or all?) public sector salaries to re-establish them at realistic levels, and maintain them there (Cohen, 1991).

This proposal closely parallels, and indeed may be seen as a complement to the suggestion that the large sums of money currently spent on technical assistance (especially in Sub-Saharan Africa) would be better spent in this way (Berg, 1993 chapter 7).

The reasons that no progress has been made with such proposals appear to lie less in the unconcern of aid agencies than in the major obstacles to the kind of collective action that the situation requires. The many varieties of donors are competing with one another to hire local staff. There are many competitors, perhaps hundreds in some countries if one includes all NGOs. Numbers alone pose a great problem. It would require a major concerted effort to both obtain agreement on a different policy and to police its implementation, all the more so because of the high rates of staff turnover in overseas aid offices, and the consequent problems of unfamiliarity and limited trust between the staff of different aid agencies. Such action would require a level of cooperation among donor agencies over which host governments have traditionally been very suspicious. And there is no reason to believe that the local administrative 'elite', already benefiting from 'foreign' salaries, would actively support any such proposal.

Experience and logic tell us not to expect real progress in dealing with this problem. At the same time, the potential development benefits appear so great that every effort to seriously tackle it must be welcomed. Collective action theory permits us to be a little optimistic here. In this type of situation, a small number of key actors (say, the five leading bilateral and multilateral donors in any recipient country) have the capacity to exercise major influence over all other donors if they can first agree among themselves.

The second argument about the institution 'destroying' effects of aid programmes applies to the same kind of situation, but concerns the effect of donor practices at level of organizations, rather than of personnel. It has often been labelled the 'by-pass' problem. It is claimed that aid donors build up relatively effective 'project units' to support their own aid programmes, to the cost – in staff, resources, political attention, etc. – of the 'regular' government agencies; but that there is no long run institution building because these special units are either disbanded or permitted to wither away once donor funding has ceased. The concern is often fully valid, and there are some grounds to believe that the lesson has been learned by many aid agencies. Fixed-term project-specific, foreign-funded units appear, on the basis of casual impression, to be less common now than in the past.²⁸

28 Note that, insofar as the argument against 'by-pass' was couched in terms of opposition to the creation of any kind of competition for existing government agencies, it may have been partly misplaced (Moore, 1992). The existence of some structured competition for resources, implicit or explicit, can help stimulate better performance on the part of public agencies.

DOING INSTITUTION BUILDING

There is a high degree of consensus in the literature on the key issues in successful organization and institution building. To some degree this consensus is misleading, because the literature generally implicitly adopts the perspective of a relatively powerful agent that has substantial control over the environment and autonomy to choose means and techniques. It is much easier to lay down rules for people who are directly responsible for implementation and substantially in control of a situation. Such assumptions are not generally valid for aid agencies. They are not direct agents for institution building. Their role is indirect: to provide (mainly financial) support. And aid agencies are rarely in control of the situations in which they are working; they share responsibility with other agencies, notably those of the host government, with whom they have to bargain. For this reason, the question of what aid agencies should best do (Section 14) is separate from the question, dealt with here, of how a relatively unconstrained agent should act to promote institution building²⁹.

The (incomplete) consensus that exists can be expressed as six conditions for successful institution building:

- (i) Institution building is a long term activity; insofar as it requires external support, this support should also be long term.
- (ii) Similarly, institution building is what is often termed a 'process' rather than a 'blueprint' activity: it cannot be programmed in detail, and will require flexibility and adaptiveness on the part of the people involved, including funders.
- (iii) Institution building is not a mechanical activity, but requires adaptiveness to the specific political, cultural, economic etc. context. Effective external institution building agents should therefore be familiar with that context.

29 Some lists include the injunction to 'keep things simple'. It is difficult to disagree with this in the abstract, and it is no doubt a useful point to bear in mind. Whether it is a useful rule is however another question. Complexity is often unavoidable in the real world.

- (iv) Institution building involves, at some level or other, changes in social relationships. Such changes often generate resistance. There should therefore be substantial commitment to the process on the part of both the people directly concerned and (with some scope for trade-offs) the people who have power over the organization/institution concerned.
- (v) More precisely, successful institution building requires effective, proactive leadership³⁰.
- (vi) There are generic skills – those of the organization or management development specialists – that can assist in the process of organizational change, and which may either be learned by existing management staff or hired in on a consultancy basis. Unfortunately, there is considerable disagreement about the usefulness of generic specialists in organizational development. In industrial countries, the situation with management consultants is very similar to that of their equivalents at the personal level: therapists or counsellors. Both are new professions with little effective regulation, either from the state or through professional self-regulation. Both groups encompass a wide variety of approaches to their work, sometimes 'marketed' in abstract and doctrinaire terms. Both probably include a very wide range of levels of competence. Potential clients face considerable information problems in selecting a service.

This list of conditions for successful institution building does not appear particularly challenging. It does however imply four general problems or challenges for aid agencies wishing to support the activity, even if their support is only financial:

- (i) There are potential 'contradictions' between the 'normal mode of operations' of aid agencies and the approaches required for successful institution building. Firstly, institution building requires familiarity with the local context. Even those aid agencies that employ local professional staff are run by foreigners whose periods of service are short and who are relatively unfamiliar with the local context. Secondly, aid agencies are generally obliged to have clear objectives for their projects, and are therefore under pressure to

30 'Leadership' is used here as opposed to 'management', for the skills needed are not the more routine, allocative skills of management, but rather the capacity to change and to obtain support for change through the exercise of skills in politics, in personal relations, and in symbolic representation. Research indicates that people consistently overestimate the effect of leaders' personalities on organizational performance (Pfeffer and Salancik, 1978:7). It is therefore important to be wary of placing too much emphasis on the role of leadership.

adopt relatively 'blueprint' approaches for all their disbursements except very small discretionary funds. For they are accountable to their domestic governments and taxpayers for the way in which their money is spent. This implies processes of 'planning' activities in advance, evaluating results to provide guidelines for further commitments, reporting on plan fulfillment, and a bias against substantial deviations from plans. These potential 'contradictions' are all the more real to the extent that aid agencies are obliged to adopt rigorous 'value-for-money' procedures, such as the 'logical framework' (objectives, inputs, outputs, impacts), in allocating resources and evaluating their use. In particular, this creates a bias in favour of short-term results and quantifiable objectives. The contradictions are not binding; it is possible to break major objectives down into series of smaller objectives, and be flexible about redefining objectives in the light of experience. There is however a persistent tension.

- (ii) To emphasize the importance of both organizational 'leadership' and the broader issues of political 'commitment' and 'demand' is to invite the aid agency supporting institution building to take a closer interest in, and probably become more deeply involved in, the politics of recipient countries than many people would consider desirable.
- (iii) Insofar as aid agencies are financing the agents of institution building – the consultants, technical cooperation personnel, the appraisal and evaluation missions – then they have the potential to affect the commitment of the personnel of the institution in question. In general, the degree of commitment will tend to reflect the extent of what is often termed the 'sense of ownership'. Insofar as the institution's staff or leadership has no choice over who is to be the agent, and what they are to do, they will feel less commitment to the process. There is thus a case for providing more choice (Section 14).
- (iv) There are substantial problems in the areas of knowledge and trust. If institution building cannot reasonably be expected to progress steadily according to some pre-agreed schedule, how can the aid agency determine – and demonstrate to its own government and parliament – that the money it is devoting to institution building is being properly used, and that all the arguments about the need for flexibility, a long period of commitment, etc. are not in practice

being used to cover lack of effort or outright misuse of money? As is explained in the next section, the evaluation standards for institution building activities are relatively weak defences against such 'opportunism'.

EVALUATING INSTITUTION BUILDING

Evaluation of development activities is not generally easy. Evaluation of institution building involves five specific problems:

- (i) As explained in Section 1, the field is wide, diffuse, and poorly defined. It is tending to become wider (Section 3). It is difficult to make useful generalizations over such a wide field, especially about that diffuse component of the field that is not included in the term 'organization building'. Discussion here is limited almost entirely to organization building.
- (ii) Institution building is not generally considered a goal in itself, but a means to other development goals. There is therefore a question about how far one should be thinking of evaluating the process of institution building, and how far one should focus on the results of institution building: the outputs and impacts of institutions. In practice, such a choice is a luxury: it is often difficult to evaluate effectively at any of these levels. It is a matter of finding something that can be evaluated (see below). There is then considerable scope to differ about the focus of evaluation.
- (iii) As explained in Section 6, the process of institution building is a 'low specificity' activity: an activity with few inbuilt mechanisms to identify and 'publicize' poor performance. Even leaving aside the scope for 'opportunism' – for people to take public resources intended for institution building, misuse them, and avoid or dispute evaluation by abusing arguments about the need for sensitivity, flexibility, a long time scale etc. (see Section 12) – there are reasonable grounds to believe that institution building may often not be pursued very vigorously because poor work performance is difficult to identify, and the people concerned are relatively unlikely to be held responsible. External evaluation is important to offset such lack of specificity, and to provide a check on performance. But any external evaluation must, to some degree, use precisely the ('blueprint') methods that are

known to be harmful to institution building if used excessively or inappropriately; an insistence on quantification; and a prejudicial attitude to failure to adhere to plans and targets. Evaluation of institution building is 'essentially contested': there is an inevitable tension between the external evaluator and the agency over the very evaluation procedures, and no evident prospect of resolving this. In practice, each evaluation case will tend to involve some tension or conflict, which will be settled by a bargaining process. Evaluations will not be 'neutral', 'scientific' or fully standardized.

- (iv) The 'attribution problem', common to most evaluation, may be especially acute in the institution building case, where results may emerge only over a long time scale. How can one assess the long term results of institution building over the kind of time scales used by aid agencies? These time scales are not arbitrary or very flexible. They are intended both to help make aid agencies accountable to their own governments and to provide feedback on their operations.
- (v) Organization and management theory, the academic disciplines relevant to organization building, are underdeveloped in the sense that there is not even agreement on a common body of central concepts. Theorists and practitioners use a wide range of conceptual frameworks, some of them almost personal (Section 1). There is not even the degree of standardization of approach which exists among economists. This will tend to enhance the problem of the instability in the standards used by aid agencies to evaluate institution building. For the professionals employed at one stage of a project may have a very different approach from those used at another stage. The result may be that the 'partner agencies' may feel that 'the goalposts are continually being moved'. That is of course a general problem in development aid. It may be especially acute in institution building. It certainly indicates the need for a more standardized approach to evaluating institution building. That, unfortunately, is very difficult.

The literature on evaluation of institution building generally comprises series of checklists of things to look for. Unfortunately, and partly because of differing conceptions of what institution building is, the contents of these checklists differ widely. For example, Phillips (1969: chapter 7) lists fourteen points in three groupings:

Success in bringing about change: programme impact, acceptance, adaptation to local conditions, innovation, expansion, relevance of standards.

Support: survival, continuity of programme and leadership, backing and support, financial support from domestic resources.

Leadership and quality: leadership, efficiency, growth of professionalism, pressure for reforms.

By contrast, Goldsmith (1991: 13-18) suggests that four different dimensions of institution building be evaluated separately: resource acquisition, structure and function, outputs and outcomes, and linkages. He provides a checklist only for 'structure and function', comprising eight points under two groupings:

Structural elements (quantitative): equipment, procedures, personnel, and office and reporting procedures.

Cultural elements (qualitative): symbols, myths, management style, and collective purpose.

These are both attempts at defining comprehensive lists of issues that may be relevant to evaluating institution building. The alternative approach, practised for example by SIDA consultants in the evaluation of support to the Tanzanian Bureau of Statistics, is to start from a very simplified model of a typical trajectory of institutional development and try to evaluate progress in keeping to that trajectory (Andersson and Winai, 1994).

In this case, there is a model with four stages:

Stage 1: There is an organization

Stage 2: The organization meets output performance standards

Stage 3: The organization carries out changes on its own

Stage 4: The organization works actively with its clients

One can see the attractions of this kind of simplicity. The model was however designed partly with a statistics organization in mind. It would have to be adapted for other contexts, for which different issues might be more relevant. And it is likely that in most cases the model would provide only a start: one would end up wanting to ask some of the wide range of questions implied in the lists above. For example, this list of stages does not directly raise issues either about 'efficiency' in use of resources or about the reasons for the progress or non-progress between stages.

It seems clear that any general framework for evaluation can comprise little more than a series of checklists, and that the relevance of particular points in any checklist will vary from case to case. Evaluation of institution building will necessarily remain as much an art as a science, and the subjective element will continue to be prominent. This can however pose problems for aid recipients, for there is considerable scope for the effective evaluation criteria to vary widely depending on the identity of the evaluators. Two general conclusions follow:

- (i) It is important that aid agencies be as clear as possible about the framework that will be used for evaluation, and stick to that, so that aid recipients know what is expected of them.
- (ii) It follows therefore that aid agencies should try to move towards relatively standardized evaluation frameworks: in practice, standard

checklists. The usefulness of any listing will depend on experience with a wide range of cases. We would suggest that one could begin by listing six areas for evaluation:

- (a) Objectives: the extent to which the organization has objectives for the institution building process which are both clear and agreed with relevant other parties; and the extent to which it is moving towards achieving them.
- (b) Performance disciplines: the nature and extent of the performance disciplines which bear on an organization (see Section 5).
- (c) Resources: the sources and adequacy of financial and personnel resources.
- (d) Political support: the extent of political support that an institution enjoys, its consequences, the extent that such support is needed, etc. (These questions inevitably raise issues about organizational leadership.)
- (e) Internal structure and functioning: internal organization, office and financial procedures, personnel management and staff development, equipment, efficiency, management style, etc.
- (f) Outputs and outcomes: the extent to which the outputs or outcomes of the organization's activities can be measured, and success in achieving them.

CONCLUSIONS FOR AID AGENCIES

1. It is not worthwhile to spend much effort on defining the terms 'institution (or 'organization') 'building' (or 'development')'. 'Institution building' usually refers to a process of developing the competence and capacity of a single organization or a cluster of organizations. In addition, it is sometimes also used to refer to attempts to change some of the social mechanisms through which societies are regulated or coordinated. Attempts to reach and impose an authoritative definition of 'institution building', or to standardize a new set of terms, are unlikely to prove very useful. For existing terms are deeply rooted. In addition, there are advantages to be gained from unclarity and ambiguity (Section 1).
2. The main focus of institution building activities in aid projects is improving organizational performance. Ideas about the important factors leading to effective organizational performance have changed in recent years. Conventionally, and especially in the aid context, the emphasis was on the provision of the resources (finance, personnel, equipment) that organizations needed to work effectively. It is increasingly believed that 'demand' variables – the pressures and incentives for an organization to perform which stem from its sources of finance and relationships with its 'stakeholders' and other agencies – are central to organizational performance. Aid agencies need to pay more attention to the existence of adequate performance pressures and incentives for the organizations they wish to support (Sections 4 and 5), although there are still situations, as in much of Sub-Saharan Africa, where institution building requires substantial resource inputs.
3. A framework for examining the performance pressures bearing on organizations is presented in Section 5. This involves examining the range of 'stakeholders' who have an interest in each organization.
4. Similarly, the effectiveness of organizations (or projects) and their ability to develop are often closely tied to the extent to which they have effective political (and administrative) support. Many institution



PHOTO: HELDUR NETOCNY/BAZAAR

Many institutions and organizations are 'gendered'. Aid agencies that wish to promote gender equality will have to work hard with this complex issue. The picture shows university students in Dar es Salaam, Tanzania.

building activities do not have a large internal political 'constituency'. Aid agencies wishing to support institution building may be obliged to become involved in ensuring or providing this political support if their activities are to be effective (Section 4).

5. The political nature of institution building activities needs to be taken into account at the planning and appraisal stages of projects.
6. Institution building is currently very much in fashion in the development context, as a response to an increasing sense of development 'failure' stemming from inappropriate or inadequate political, economic and societal institutions, especially in Sub-Saharan Africa and the former Comecon countries. There is particular emphasis on: economic institutions in the former Comecon countries; economic policymaking institutions in Sub-Saharan Africa (under the increasingly fashionable title of 'capacity building'); and both NGOs and the more diffuse 'good government' institutions virtually everywhere (Section 3). Yet, at the same time that institution building has come into fashion, the main instrument which aid agencies have

hitherto used to promote institution building – the individual expert-counterpart technical cooperation arrangement – has finally come under authoritative critique and is scheduled to be downgraded. It is widely hoped to substitute long-term ‘twinning’ arrangements, mainly between organizations in donor countries and those in recipient countries. However, ‘twinning’ is relatively untested as a means of undertaking institution building, and clearly does give rise to considerable problems, including the capacity of First World institutions to do effectively what is expected of them under twinning arrangements. In addition, the demand for twinning arrangements is likely to accelerate rapidly, in relation to both the traditional Third World and the ‘new’ aid territory of the ex-Comecon countries, putting additional pressure on the scarce twinning resources available in the donor countries. It will take considerable time to build up effective capacity. ‘Twinning’ is unlikely to solve the problem of finding effective mechanisms for undertaking institution building (Section 8).

7. The provision of training is another very common method for aid agencies to attempt institution building. The potential negative effects of training are rarely considered adequately. Training can damage the morale of trainees if it raises unrealistic expectations or simply cannot be applied in practice. Overseas study scholarships are recognized to be problematic because of financial costs and because the real incentive to take them are the material and personal benefits attached to foreign travel. There is however another concern about the effect of individually-allocated (overseas) scholarships that is especially relevant to institution building: a variety of individual scholarships and overseas experiences will tend to have a fragmenting effect on the culture of participating organizations. More importantly perhaps, this practice represents a lost opportunity: the opportunity to create organizational cohesion through sending groups of staff together on training courses that involve personal and professional challenges. The experience of facing and overcoming challenges collectively can be a major contributor to improved personal relations, better working relations, and a more cohesive organizational culture. This is widely accepted in training programmes worldwide, for both public and private sectors. There is a role for individual training, especially where the subject matter is highly specialized. It would however be wise to assume that training of recipient country nationals under aid programmes, especially where institution building is an issue, should normally be undertaken on a group basis, with an emphasis on creating manageable challenges which can be experienced and overcome collectively.

8. There is convincing evidence from aid agencies' evaluations of their own activities that their institution building projects tend to be less successful than their other projects. The most common explanation focuses on the nature of aid agencies themselves: the fact that their relatively bureaucratic procedures and 'alien' status in host countries make it difficult for them to meet the needs of institution building projects: flexibility; sensitivity to local circumstances; focus on process rather than on meeting targets, especially expenditure targets; willingness to experiment and learn; and long-term commitments. There is certainly some truth in this view, but it may be exaggerated. There are also problems inherent in the nature of institution building itself. One is that institution building is a 'low specificity' activity: it is the kind of task that will tend to be done relatively badly because there are few in-built incentives to good performance, or constraints on low performance. The other problem with institution building is that, because it rarely involves the expenditure of large sums of money, it does not obtain the political support from suppliers and contractors that is often enjoyed by major 'hardware' projects (Section 7). It follows that aid donors need to recognize these problems and adapt to them:

- (a) One form of adaptation is for aid agencies not to be unjustifiably optimistic about their own capacity to support institution building.
- (b) Another is to try to make the tasks of institution building as 'specific' as possible, in the technical sense, without at the same time reverting to 'blueprint' procedures that undermine effective institution building.
- (c) A third is for aid agencies to make wider use of small scale funding mechanisms that do not require detailed accounting. It is a long established practice for aid agencies' 'heads of mission' to control funds that, within fairly low ceilings, can be allocated on a discretionary basis, and with little formal procedure, to in-country development activities. These have often been used for institution building activities. This is in principle highly desirable, for this funding mechanism can overcome some of the problems associated with funding institution building through regular aid channels: relative inflexibility; relatively high fixed administrative costs; the bias against activities that require little funding, are risky and are difficult to justify quantitatively³¹. There are problems with

31 It appears that such informal procedures have become relatively widespread in the allocation of the ex Comecon countries, where procedures and institutions have not yet been routinised, and the diplomatic rather than the aid agencies of the donor countries play a major role in aid implementation.

such funds: the overhead cost of disbursement may be relatively high, and they will tend to be allocated to people and activities more accessible, socially and geographically, to diplomatic circles³². In general however, such non-formal funds should play an important role in the funding of institution building activities.

- (d) Another approach for aid agencies is to build up intermediary organizations to undertake and support institution building that are less constrained by the problems of formality and 'alienness' in developing countries than are aid agencies themselves: 'twinning' organizations (see above); commercial or not-for-profit agencies that can undertake institution building activities and evaluations on a commissioned basis; and umbrella or service organizations representing NGOs. Such organizations should be rooted and located within developing countries to the maximum extent possible. They typically work on a regional basis³³.
9. A great deal of the aid for institution building has been provided under arrangements that permit the beneficiary organization little real choice over the individual technical cooperation personnel or consultancy firms with whom they are expected to work. This tends to reduce their sense of commitment to the process. One advantage of building up institution building organizations, as opposed to individual consultants and experts, is that this will provide greater scope for recipient organizations to exercise some choice over the consultancy organizations that will work with or evaluate them. Informed choice is more feasible where 'firms' have been in existence for some time, and have reputations.
10. Organizations and institutions are 'gendered' (i.e. function in ways that reflect gender inequalities in society at large) and 'gendering' (i.e. help reproduce those inequalities). Aid agencies that wish to promote gender equality will eventually have to turn their attention to these issues, which are difficult emotionally, politically, practically and intellectually. Support for research on the gender dimensions of public organization in developing countries could play a useful role in drawing attention to these issue and helping to develop our understanding of them (Section 9).
11. The widespread argument that organizations should be adapted to the culture of the societies in which they are located sounds

32 A paper by Uphoff (1990) on 'paraprojects' is helpful in thinking about the requirements of overcoming these biases.

33 For an evaluation of attempts to move in the direction of local management of projects, see Maddock (1992).

unchallengeable, but is in fact open to different interpretations. Insofar as it is asserting the importance for external agents (aid agencies) to develop a detailed and sympathetic understanding of the context in which they work, the argument is correct. There is, however, a stronger and more problematic interpretation: that formal organizations are adapted to 'Western' culture, and will only work well in developing countries if specifically adapted to fit with local culture. This argument is contentious, certainly partly false, but extremely difficult to test. A great deal of research is inconclusive. It is not possible at present to draw any practical lessons; institution builders are better advised to concentrate attention on clearer problems where they have realistic prospects of making progress (Section 10).

12. In situations where recipient governments (and local organizations generally) suffer from acute shortages of skilled and experienced technical, professional and administrative staff, the presence of many aid agencies may result in 'institutional destruction' as these scarce staff are persuaded, through a variety of direct and indirect incentives, to work either directly for aid agencies or on the projects which they fund. This is particularly a problem in some countries of Sub-Saharan Africa. Aid agencies have so far failed to tackle this issue through collective action. It is not easy, but arguably one of the most effective things they could do in the institution building field (Section 11).
13. The frameworks that exist for evaluating institution building are little more than checklists of issues to look at. It is unlikely that a more satisfactory general approach can be designed at present. A wide variety of different factors enter into different checklists, the diversity reflecting both different perceptions of the meaning of institution building and the wide variety of activities that come under the label. No definitive checklist exists. It would be useful for individual agencies to try to standardize their evaluation frameworks as far as possible. Some suggestions on the essential components are made in Section 13.
14. There is considerable scope for individual consultants to use their own criteria to evaluate institution building. It is important that aid agencies try to be consistent and clear over time in the criteria they use to evaluate individual projects, so that the people directly involved know what is expected.
15. The idea of professionalism has been rather ignored – and sometimes denigrated – in debates about development and in aid practice. Yet professionalism – the orientation of qualified and educated people to

the working norms and standards of an autonomously organized peer group – is an important value and one important way of improving standards and regulating behaviour in the public sphere. Support for building professionalism and professional organizations could be a valuable component of institution building activities.

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An Annotated Bibliography

AN ANNOTATED BIBLIOGRAPHY

This bibliography comprises 75 pieces of literature. In choosing the literature to be annotated, we looked for a spread in terms of

- 1) the types of organizations in which "institution-building" interventions were attempted;*
- 2) the methods of this intervention – ranging from technical assistance to organization development (OD) methods;*
- 3) countries;*
- 4) perspectives – some of the literature is written by the actors engaged in the building, and some by observers; and*
- 5) the type of literature, ranging from agency reports to theoretical textbooks.*

The bibliography is in two sections. The first is a list of items arranged alphabetically by author, with a full reference and annotation. Each item has a reference number. The second section constitutes a series of listings of items (by reference number) against a series of key words.

I. ITEMS OF LITERATURE, BY AUTHOR

I. The African Capacity Building Initiative: Toward Improved Policy Analysis and Development Management. 1991, The World Bank:

This report introduces the African Capacity Building Initiative (ACBI) which is aimed at building and strengthening local capacities in policy analysis and development management in Sub-Saharan Africa. Essential goals of the ACBI are to build professional policy analysis and development management skills and institutions in Africa and to enhance utilization of already existing resources; to create a forum for full and active African participation in the design and implementation of capacity-building programs; to improve donor coordination and help develop greater focus, prioritization, and rationalization in the development of economic policy research and management capacity – leading to substantial cost savings as well as improved programs; and to mobilize financial and technical resources for increased investment in human capital and institutions in Africa on a consistent and long-term basis. This report discusses the creation, implementation, and management structure of the ACBI in detail.

2. Adamolekun, L., A Note on Civil Service Policy Reform in Sub-Saharan Africa. **International Journal of Public Sector Management**, 1993. 6(3): p. 38-46.

Current civil service reform efforts in Sub-Saharan Africa (most of them supported by the donor community) are deeply influenced by fiscal stabilization measures that seek to arrest economic decline in these countries. Typically, adjustment programmes focus on reducing the size of the civil service and reducing the burden of the civil service wage bill on the budget. Such reforms may pay attention to capacity building, or increasing the efficiency of the civil service, but such intentions are subordinated to the urgency of budget stabilization measures.

This article argues that economic policy reform (of which stabilization measures constitute only a part) would have to be accompanied by a civil service policy reform of which adjustment-related downsizing and budget balancing would constitute only a part. It is specifically concerned with Civil Service personnel policy reform and the central idea addressed is that of a career civil service, how it has changed in the post-colonial era, and what its role should be in a post adjustment era. The main contention of the article is that the idea of a career civil service and a job for life provided it is well-rewarded, is the basis for stability and efficiency. In order that this be accommodated within structural adjustment policies (SAP), the idea of the career civil service should be strengthened, but for smaller numbers of people.

The article is excellent at identifying problems and suggests a number of new directions. The key idea is that of the new career civil service providing an "enabling environment" for a new partnership between state and non-state sectors. The emphasis is on decentralisation and capability-building through the strengthening of the management role and ability. He emphasizes the importance of continuous training within the context of a long-term career.

3. Adamolekun, L., Institutional Perspectives on Africa's Development Crisis. **International Journal of Public Sector Management**, 1993, 3(2):p. 5-15

To build institutional capacity in sub-Saharan Africa (SSA), it is essential to pay attention to the values that underpin the institutions being developed. Institutional capacity needs to be related simultaneously to the issues of both economic development and governance because of the dynamic relationship between these two issues.

Current development efforts are contrasted with erstwhile independence struggles. The independence struggles waged throughout SSA were effective because they coupled values of widespread appeal with a set of specific objectives. Post-independence governments proclaimed socio-economic development as a new

goal. This was a vague goal and the coherence and consistency that characterised independence struggles was lost. Development can be achieved only by synergising issues of economic development with governance and creating institutions which support both. These institutions are seen in three broad categories, i) governance related (government), ii) NGOs, voluntary sector, and iii) the private sector.

These clusters need to be recognised as independent of each other and need specific capacity building initiatives. Broadly speaking these initiatives will involve a combination of strengthening management capacity and policy analysis capacity. The arguments on the civil service are the same as Adamolekun 1993a. However, he makes an additional point which echoes McGill, (1993 p. 31); that "civil service reform policies in SSA countries have not been sufficiently linked to the goal of establishing a democratic political culture...for civil service reform programmes to achieve the desired results in the 1990s it would be necessary to pay greater attention to the linkages of reform measures to democratic values" (p.12).

He concludes that the most important explanatory variable in the success or otherwise of institution building initiatives is the political organisation and administrative competence of the government.

4. Alger, C., Grassroots Perspectives on Global Policies for Development.

Transnational Associations, 1990. (6): p. 336-346.

Research on the global policy process requires a perspective which extends from the grassroots to global organizations. Both practical and normative reasons for this are presented. Development policy is selected as an arena for explicating the significance of grassroots organizations and policies. The paper draws examples from a number of studies in the Third World and European countries to illustrate a diversity of kinds of grassroots development activity and a variety of perspectives on linkages between an array of development organisations. The paper concludes with perspectives on desirable linkage between local and global organisations.

5. Annis, S., Can Small-Scale Development Be Large-Scale Policy, in **Direct to the Poor**, S. Hakim, Editor. 1988, Lynne Rienner Publishers: London. p. 209-222.

This article examines whether large-scale small-scale development is self-contradicting. It discusses how NGOs are increasingly intertwined with each other and with the state. The author says that the only certainty about the nature of grassroots organisations is that they are not homogenous units. Also, they organise in response to people's needs but also to incentives. This has implications for "scaling-up." As NGOs scale up and attempt to provide services that the state used to, distinctions blur between governmental and non-governmental organisations. The author asks, "If grassroots organisations and the state inevitably interpenetrate, how to make this interpenetration good for the poor?" He concludes that

this depends on the character of public policy. He offers a set of questions to guide decisions about healthy and unhealthy grassroots groups. Ultimately, he maintains that state policy is crucially important in determining the character and capacities of grassroots growth, and deciding "How large can small-scale become."

6. Avina, J., The Evolutionary Life-cycles of Non-government Development Organisations. **Public Administration and Development**, 1993. 13: p. 453-474.

This article argues that NGOs active in community development exhibit different organisational characteristics at different phases of their evolution. Being able to recognise the characteristic descriptive elements of the different phases of organisational development better positions one to understand the nature of an NGO's relationship with donors beneficiaries and the world around it. Perhaps more importantly, recognising what phase of its organisational development cycle an NGO is in will assist the practitioner to understand the types of problems the NGO may be facing, their cause and the range of options available for problem resolution.

7. Bajracharya, R., The Management of Service Centres in Nepal. **Prashasan (the Nepalese Journal of Public Administration)**, 1990. 21(2): p. 7-21.

Local institutions in any form — governmental, voluntary, or private— are the necessary elements for the effective implementation of decentralization policies. Realizing the fact that local capacity building is the key determinant of the new decentralization scheme, the Nepalese government has focused on the implementation of local level planning by the Village Development Committees (VDCs) themselves. The success of the New Decentralization Plan is much more dependent on the development of planning and implementation capabilities of these VDCs. The service centres are given the responsibility of enhancing these capabilities. Unless service centres themselves are strengthened to a greater extent, VDCs can expect very little success.

8. Barnett, S., **Effective Institution Building: A Guide for Project Designers and Project Managers Based on Lessons Learned from the AID Portfolio**. 1982, AID Office of Development Information and Utilization:

Based on a review of the 659 institution-building field projects undertaken by USAID's four geographic bureaus over a 10-year period, this paper develops guidelines for institution-building, project planning and management.

A pattern analysis of project design and evaluation assessments reveals that USAID has focused on helping existing organizations rather than on creating new ones and on helping single rather than multiple groups. A total of 64% of all

projects focused on national organizations, with the rest divided among sub-national entities and organizations with a multinational focus. The majority of the groups assisted were in the economic/development planning and food/agriculture sectors.

An analysis of project evaluations shows that issues most dealt with are project management and achievement of initial project outputs. Project planning, quality of project staff, non-monetary support, financial arrangements, and commodity procurement were other issues dealt with.

A 30-page check list, incorporating over 70 lessons learned, is then presented for use in planning and managing future institution-building projects.

9. Berg, E., *Rethinking Technical Co-operation*. 1993, New York: United Nations Development Programme (UNDP).

This book is a broad survey of the UNDP's technical co-operation programme. When technical co-operation was initiated, it seemed to be a straightforward and powerful device which would make a contribution to the ending of world poverty. In the 1980's, technical co-operation was subjected to a growing barrage of criticism, dissatisfaction being greatest in heavily aided countries with low incomes, especially in sub-Saharan Africa. The UNDP Technical Assistance (TA) programme has experienced the same difficulties and criticisms, and Berg's book is an attempt to synthesize these difficulties and criticisms.

Principal problems (see also Havnevik, 1992); have been

- a) the persistence of TA, notwithstanding its much vaunted train and handover policy
- b) salary differentials between locals and expatriates
- c) being donor-driven, it contributes to unclear decision-making structures
- d) it finances activities which are unsustainable.

Berg then goes on to make suggestions about possible reform proposals to the existing TA system, including amongst other things, putting TA components under local management; change "nuts and bolts problems" in the administration of such programmes; and looking to embed TA programmes in the context of other programmes.

10. Billis, D. and J. MacKeith, *Organising NGOs Challenges and Trends in the Management of Overseas Aid*. 1993, Centre for Voluntary Organisation:

This report presents the findings of the first systematic study of the organisation and management of UK NGOs. The study involved ten of the largest agencies and had four main aims:

- a) To identify and map out key organisational features in order to begin the process of deepening our knowledge in this field and developing a shared language and concepts for describing NGOs;
- b) To establish the key organisational challenges and trends in the UK NGO field
- c) To draw on 14 years of research on voluntary organisations in Britain to make comparisons between UK NGOs and voluntary agencies;
- d) To clarify issues and questions for further research.

11. Blase, M., **Institution Building: A Source Book**. 1973, East Lansing, Michigan: Midwest Universities Consortium for International Activities, Inc.

This widely referenced source book on institution building consists of three parts. Part One contains a Descriptive Bibliography of the core literature on institution building; Part Two contains Key Concepts: Substance and Definition; and, Part Three contains Relationships Among Concepts. An updated version was published in 1986 and this covers more recent literature, up through 1983.

12. Brinkerhoff, D., Technical Cooperation and Training in Development Management in the 1990s: Trends, Implications and Recommendations. **Canadian Journal of Development Studies**, 1990. XI(1): p. 139-149.

This article examines issues of technical cooperation and training in management and institutional development during the 1990s. It looks at important trends, analyzes their implications and offers some recommendations to improve effectiveness in the future. The trends concern increased global complexity and interdependence, growth of technical competencies in developing countries, diffusion of the East-West power axis, technology leapfrogging, attention to foreign aid accountability and the search for new cooperative mechanisms. This implies among other things an emphasis on sustainability, differentiation by type of country, higher skill levels for technical cooperation, the establishment of long-term cooperative relationships, and expansion of indigenous sources of expertise.

13. Brinkerhoff, D. and A. Goldsmith, Promoting the Sustainability of Development Institutions: A Framework for Strategy. **World Development**, 1992. 20(3): p. 369-383.

This article presents a generic framework for understanding institutional sustainability in development. Its lessons draw from the agriculture and health sectors. The framework treats institutions as: systems that function in relationship

to their environment; organised and managed entities whose organisational structures and procedures must match the tasks, products, people, resources, and contexts they deal with; and, settings intimately concerned with the exchange of resources where economic and political relationships intertwine to create varying patterns of power and incentive. Application of the analytic framework has shown that institutional sustainability depends upon maintaining: a) responsive output flows (high quality and valued goods and services); b) cost-effective goods and services delivery mechanisms (organisation and management); and resource flows (recurrent costs, capital investments, human resources).

14. Butcher, H., et al., *Community Groups in Action: Case Studies and Analysis*. 1980, London: Routledge and Kegan Paul.

The book describes research which aimed to design methods of evaluating the effectiveness of community-based interventions and thence to design better ways of building community-based interventions. There is a switch of emphasis in the course of the study to a consideration of the organisational dynamics of the groups which are trying to effect community-based interventions. Their essential conclusion both stated and evidenced by the shift in emphasis, is that organisational development is the same as institution-building/development.

The methodological approach was qualitative and gathered through a series of interviews evidence on the development of five groups/organisations. Data was compared and hypotheses framed from the data in the following areas: relationship between the groups and the environment within which they are working; objectives and goals of the groups; the link between strategy and the resourcing of same; the role of community workers.

15. Buyck, B., *The Bank's Use of Technical Assistance for Institutional Development*. 1991, The World Bank:

This paper is a cross-sectoral consideration of the Bank's use of Technical Assistance (TA). TA, defined in this paper to include project-related training is the principal instrument used by the Bank to promote institutional development (ID) in member countries. TA has been declining, but the proportion of TA directed towards ID has increased and ID related TA remained at a constant level of 4.5% of lending in FYs 82-88.

Geographically, the Asia region has absorbed the most TA while sectorally, agriculture has absorbed the most. The relative importance has been greatest in Education, and Population, Health and Nutrition. Freestanding TA for Public Sector Management has become a significant feature of Bank operations in Africa and LAC.

A number of recent reviews have indicated that there are serious problems with the way that ID related TA is managed by the Bank. TA projects are frequently hasty

and poorly designed, and this tends to be compounded by difficulties in recruiting the right consultants, the lack of adequate counterparts and the lack of supervision capacity within the Bank.

The Bank labours under serious constraints where the delivery of TA is concerned. These are explained in depth. Of particular interest are various structural problems – the high turnover of Bank staff as they move to their next postings, the newness and complexity of the ID related TA for the Bank and therefore a limited body of knowledge and few best practitioners.

The paper concedes that "it is unrealistic to expect change in the Bank's resource allocation and its lending policies and practices" (p.2) and concludes with a set of recommendations on actions which could be taken to improve the Bank's record on TA. Amongst these are the development of country-wide institutional strategies, the expansion of the conceptual and methodological base for ID related TA and the recruitment of staff skilled in institution development.

16. Chaves, M., Intraorganizational Power and Internal Secularization in Protestant Denominations. **American Journal of Sociology**, 1993. 99(1): p. 1-48.

This article deals with dynamics which recur in organisation-development within Protestant denominations in the US. What is of relevance is the discovery that there are two power structures at work – the religious authority and a secular authority. Each have power bases, each have a set of constituents and influence at different levels within the organisations, and there is likely to be conflict between these levels (see also David Brown and Covey, 1987). Most importantly from the organisational development point of view is that all levels and conflicts have to be taken into consideration if the organisation development is to be successful.

It looks at power shifts within organisations and ascribes them to outside sources – a shift in funding arrangements being one of them. (p. 17.) Therefore a consideration of the external environment is crucial in organisation building.

What is of particular interest for the purposes of this report is the importance of the value-base within the church, struggles that take place between staff who identify with the value-base, and staff involved with so-called "secular issues" such as fundraising, and the importance of a concept of organisation and therefore organisation development which can accommodate this complexity.

17. Clark, J., **Democratizing Development The Role of Voluntary Organisations**. 1992, West Hartford, Connecticut, US: Kumarian Press.

This book looks at the current and future potential role of NGOs in "democratising development". It begins with a discussion of NGO "comparative advantage" – which includes characteristics such as flexibility, closeness to target beneficiaries and cheapness. He then comments on how effective NGOs have been at the level of identifying and meeting "specific needs" on a small scale and moves on to

suggest what NGOs need to do if they are to make a 'significant impact' in development terms.

This involves the whole issue of "scaling-up" and he recommends, amongst other things, that NGOs need to aim for "increased professionalisation"; and "seeking to influence rather than do" (p. 74). Finally he concludes with a discussion of the role that NGOs can play in the democratisation of society, and the problems associated with scaling-up.

18. Cohen, J., **Foreign Advisors and Capacity Building: the Case of Kenya.**
Public Administration and Development, 1991. 12: p. 493-510.

This paper deals with the problem of Kenyanization of positions filled by expatriate advisers within the Government of Kenya. The problem concerns donor-funded projects which have involved bringing a team of advisors to perform a set of tasks and to train replacements to take over the tasks so that the expatriates can leave and the donors withdraw funding and move on to the next development priority. These projects have almost universally been unsuccessful. While useful advisory roles have been played by the advisors, and effective training has been undertaken the government of Kenya has not been able to retain competent officers after the expatriate officers have left and funding has ceased.

Cohen discusses six solutions to this problem: i) focused graduate training programmes, ii) recruitment of trained Kenyans from abroad at Government of Kenya (GOK) salaries, iii) the use of local experts on focused consultancies (local knowledge, plus augments local salaries), iv) the employment of nationals on international terms, v) foreign aid to augment GOK salaries, vi) the setting-up of academic style research institutes with donor funding.

All of the last four options are dependent on extra donor funding to augment local salaries. Cohen stresses the administrative difficulties of having Kenyan officers working in similar positions and earning different salaries, suggesting that as the differentials become widely known, they will have disastrous repercussions on professional morale, institution capacity building efforts and government corruption. (See also Hirschmann, 1993; Wilson 1993, a review and critique of this article.)

19. Coleman, G., **Investigating Organisations. A Feminist Approach.**
School of Advanced Urban Studies, Occasional Papers, ed. Bristol University School of Advanced Urban Studies. Vol. 37. 1991, Bristol: SAUS Publications.

Coleman does three things in this book:

- a) she considers organisational thinking from a woman-centred (as against a gender), perspective;

- b) she uses her own experiences both as a member of an organisation and as a training provider for women in the public service;
- c) she tries out a "new paradigm" qualitative research method working in conjunction with a small group of fellow enquirers to see whether this method works better in exploring institutional dynamics.

She does an interesting literature review before moving to the bulk of the case study, which considers a number of well-known authors from a woman-oriented standpoint. She also considers qualitative research method from this standpoint providing an effective critique and commentary. This case study highlights a number of issues from the point of view of women in mixed workforces all of which are worth considering in a gendered perspective of women in the workforce.

20. Cooper, L., **The Twinning of Institutions: Its Use as a Technical Assistance Delivery System**. 1984, The World Bank:

The "twinning" of institutions in developing countries with similar but more mature organizations in other parts of the world has proved to be a very effective way to transfer know-how, train staff, and build up management capabilities. Professional relationships between operating entities offer advantages of complementarity and flexibility over time. The entity supplying technical assistance uses its own resources to offer services to its twin, as needed, in the functional areas in which they both work. This paper presents the concept of twinning, and discusses design issues such as the substance of the assignment, design of the services, logistical and administrative support, and behavioral factors. It also reviews factors to be considered in determining whether twinning is the most appropriate technical assistance (TA) delivery system in a given situation, and provides an outline of possible contractual arrangements.

21. Cullivan, D., B. Tippet, et al, **Guidelines for Institutional Assessment: Water and Wastewater Institutions**. 1988, Camp Dresser and McKee, Inc. Arlington, VA; United States Agency for International Development (USAID):

Arguing from the premise that the basic problems facing the water and wastewater (W&WW) sector are institutional in nature, this document provides a set of procedures for diagnosing deficiencies in W&WW institutions. The guidelines are based on team field investigation procedures which identify, define, and verify institutional performance using functional categories which were developed

through field analyses of W&WW institutions in two developing countries. In order of relative importance, the categories are: organisational autonomy; top leadership; management and administrative systems; commercial and consumer orientation; technical capability, along with staff development and maintenance; organisational culture, along with interactions with key external institutions.

22. David Brown, L. and J. Covey, **Development Organisations and Organisational Development: Toward an Expanded Paradigm for Organisation Development**. Research in Organisational Change and Development, 1: p. 59-87.

This article argues that organisational development includes interorganisational and societal changes as impacts. It claims that development organisations are unique in the phenomenon of organisational development (OD). And, after presenting five core assumptions regarding OD, the authors suggest an expanded framework for organisational development research and practice. The five core assumptions of OD that the article presents and then elaborates on are: the OD paradigm conceives of organisations as open systems, organised around shared purposes; the OD paradigm focuses on group and organisational analysis; the OD paradigm emphasizes interventions to change people, processes, structures and organisations as systems; OD lacks emphasis on research and theory, more concerned with practice and intervention; and, OD paradigm focuses on improving the functioning of organisations and their subunits. The proposed expanded OD framework includes: a more diversified basic metaphor, a larger analytic domain, a broader range of intervention targets, a recognition of the mutuality of action and research in learning, and an expanded vision of possible impacts.

23. David Brown, L., **Managing Conflict at Organisational Interfaces**. 1983, London: Addison-Wesley Publishing Company.

Offering fresh insights into conflict management, this book focuses on the problems of too much or too little conflict at organisational interfaces – between departments, levels, cultural groups, and organisations. A simple conceptual framework is applied to analysing different interfaces, while strategies for managing conflict situations from various managerial roles are suggested. The author takes a close look at task group relations, power inequalities, cross-cultural relations, interorganisational networks, and intervention strategies.

24. David Brown, L. and J. Covey, **Organising and Managing Private Development Agencies: A Comparative Analysis**. 1987, Institution for Social and Policy Studies, Yale University:

This is a comparative study of 4 Private Development Agencies (PDAs), (in the terminology of this exercise, NGOs), which sought to i) identify whether there

were characteristics which distinguished PDAs from other organisations ii) such organisations posed specific management problems and iii) to design management strategies which take account of these differences.

While this article does restate some of the conventional wisdom on NGOs (small, flexible, value-driven,) and on management in NGOs (multiple accountabilities), it also provides some interesting new insights. The value-base, for example is not only a feature of NGOs, but also core to their management, requiring the ability on the part of the Chief Executive Officer (CEO) "to negotiate ideological differences" within the organisation; and to establish legitimacy and close relationships with vastly different constituencies outside the organisation.

In answering the question about how PDAs should be organised, the authors point out that tensions inevitably arise from the shift to more bureaucratic organisation; but furthermore that this method of organising was widely perceived by staff and volunteers in the organisations as indistinguishable from a move away from the value-base. This is important to bear in mind in questions of institution building, the perception that a way of organising is not politically neutral - has the potential to affect the commitment to institution building.

The study focuses in depth on how NGOs relate to their contexts. A particularly interesting point on the issue of management of larger NGOs, is that "organisational subunits tend to identify with constituents" (p.22) and import this identification into the organisation, with conflicts resulting. Fundraisers tend to relate to their constituency and the result in one case was disagreement over activities that would affect funding, but that implementers saw as integral to the mission of the organisation. This sub unit difference went so far as to express itself in clothing differences. In all a fascinating and enlightening paper with interesting insights on issues such as bureaucracy and the value-base, and how funding impacts on organisational structure.

25. David Brown, L. and D. Korten, **The role of Voluntary Organizations in Development.** 1989, Prepared by the Institute for Development Research for the World Bank.

A growing number of aid donors and national governments have turned to NGOs as potential instruments for implementing official development projects, especially those intended to channel public resources to the poor. The authors of this article are concerned that these organisations are too often viewed through conceptual lenses that miss important aspects of their nature. Their development roles and performance have most often been assessed through theoretical framework developed to assess organisations in the commercial and government sectors. This leads to partnerships that diminish rather than enhance voluntary organisations' contributions to solving critical development problems. This report offers a conceptual lens for analysing such organisations that offers a more complete and accurate picture of their special development roles.

26. Dia, M., A Governance Approach to Civil Service Reform in Sub-Saharan Africa. 1993, World Bank.

This paper argues the case for a governance approach to civil service reform in Sub-Saharan Africa (SSA). It reviews past World Bank support to civil service reform, highlighting the limitations of the focus on short-term cost-containment measures which emphasize reduction and control of civil service staff strength and the burden of the wage bill on the budget. It stresses the very small budgetary savings recorded in almost every case and the virtual neglect of the issues of efficiency and effectiveness. These rather disappointing results are traced to the patrimonial character of the state whose features in the civil service context are: recruitment based on subjective and ascriptive criteria; public employment managed as a welfare system; pay levels that are unrelated to productivity; loyalty of officials to the person of the ruler rather than to the state; and formalism of administrative rules and procedures.

The governance approach advocated would begin with an assessment of the institutional environment (with emphasis on the key governance elements of accountability, rule of law, openness and transparency) to determine the patrimonial profile of the country: high, low, in-between. This will be followed by the adoption of a strategy for reform that could be a comprehensive approach, an enclave approach, or a hybrid approach depending on whether the country patrimonial profile is high, low or average respectively. The comprehensive reform would be supported by an administrative adjustment, the enclave by a technical assistance project; and the hybrid by a hybrid operation with one component focused on sectoral adjustment (governance and institutional issues) and the other on technical assistance both to support the sectoral adjustment issues and to strengthen technical/managerial capacity to manage core government functions and deliver key government services.

27. Diallo, A.S. et al, Capacity Building for Aid Coordination in the Least Developed Countries. 1991, UNDP:

The LDCs' are a mixed group of countries. Their needs and conditions vary markedly. Their aid programs are distinctive in dimension and complexity. Building self-sustaining capacities for aid coordination will vary in nature and complexity from country to country. Since most, if not all, of the LDCs' resources for development come from the donor community, aid coordination cannot be set apart from the LDC's capacity for managing the mobilization and use of development resources. Certain LDC and donor policies and practices complicate the management of development resources. The authors' have presented an overall approach for UNDP involvement in LDC capacity building. This approach must be adapted in application and timing to each LDC situation.

28. Douglas, M., **How Institutions Think**. 1986, London: Routledge & Kegan Paul.

Do institutions think? If so, how do they do it? Do they have minds of their own? If so, what thoughts occupy these suprapersonal minds? This book delves into these questions as it lays the groundwork for a theory of institutions. Usually the human reasoning process is explained with a focus on the individual mind; this book's focus is on culture. Using the works of Emile Durkheim and Ludwik Fleck as a foundation, this book clarifies the extent to which thinking itself is dependent upon institutions. Different kinds of institutions allow individuals to think different kinds of thoughts and to respond to different emotions. It is just as difficult to explain how individuals come to share the categories of their thought as to explain how they ever manage to sink their private interests for a common good. The author forewarns that institutions can not think independently, nor do they have purposes, nor can they build themselves. As we construct institutions, we are squeezing each other's ideas into a common shape in order to prove their legitimacy by sheer numbers. The author concludes saying that legitimated institutions make major decisions and these decisions always involve ethical principles.

29. Duncan, R.L., **Institution Building: Incidents, Ideas, and Applications; an Experimental Guidebook in Scholar-Practitioner Communication**. ARDA, 1975. 4(2): p. 81 pages.

This guidebook contains descriptions of incidents drawn from actual cases of development; comments on those cases written from the perspective of institution-building, and checklists of items the reader might consider in institution-building situations. Appendices present important findings from 10 years of research in institution-building, and a bibliography.

30. Edgcomb, E. and J. Cawley, **The Process of Institutional Development: Assisting Small Enterprise Institutions to Become More Effective. Growth and Equity through Microenterprise Investments and Institutions (GEMINI) Working Papers, Vol. 15**. 1991, Michigan: GEMINI; DEVELOPMENT ALTERNATIVES INC. 80.

This paper argues for the critical importance of institutional development in improving the effectiveness of micro and small enterprise development programmes. It looks at the issue of institutional development which is broader than the issue of small enterprise development. It presents a framework for understanding the process of institutional development, and applies it to an analysis of 25 cases of organisations which implement small enterprise programmes. This framework identifies four components which private development organisations must learn

– vision, capacity, resources and linkages. The challenges these components present and the tasks to master these components mature through three development stages - development, sustainability and expansion. The paper discusses these challenges in terms of the major tasks that must be accomplished, characteristic stumbling blocks to their accomplishment, and the "emotional tenor" which makes each stage distinct.

An analysis of 31 North American private development organisations (PDOs), who comprise the Small Enterprise Education and Promotion (SEEP) Network, further delineates the different challenges by organisational type - small enterprise specialist, large multisectoral agencies and smaller single-focussed agencies new to the small enterprise sector.

The paper concludes with an identification of key areas for further action, research, documentation, technical assistance and co-ordinated action.

This is a useful paper, in that it contains some extremely interesting analysis of particular institutional development problems for small enterprise development programmes. The section on the analysis of problems for small enterprises is detailed and appears accurate. Of particular interest is the commentary about the need for and the difficulties with computerisation of credit programmes.

The section on the components of institution building and therefore the elements of the process that need to be developed is interesting but tends towards the "blueprint approach", ie an approach that depends for its validity on the belief that an organisation is the same Weberian animal wherever it is, and that differences between organisations are functional – related to size, maturity and activities, rather than contextual. Overall an excellent summary of many of the issues.

31. Edwards, M. and D. Hulme, ed. **Making a Difference; NGOs and Development in a Changing World.** 1992, Earthscan Ltd.: London.

Today, NGOs are a major feature on the international development scene. Their number, size and influence continue to grow in response to increasing funding from Northern donors and the prominence given to the voluntary sector in current political thinking. Yet there is currently little information available on the implications of these changes, and many NGOs have no clear view of how to maximise their contributions to the alleviation of poverty. There is a danger that the popularity of NGOs as service delivery agencies may conflict with their other roles. This book is designed to enhance the effectiveness of the work of NGOs by encouraging them, their staff and their supporters to examine the different ways to increase their impact. Comprising a range of essays from experts recognised for the experience in NGOs and the voluntary sector, it reviews the strengths, weaknesses, problems and opportunities presented by the different options available to NGOs, and illustrates them with a wide range of specific case studies.

This volume represents a vital contribution to the work of NGOs and the different ways they can respond to and benefit from their rapidly changing circumstances.

32. Eldridge, D. and T. Mahmood, **How Cultural Factors Influence the Management of Development Projects: A Study of Irrigation Project Organisations in Punjab**. University of Manchester, Discussion Papers, Vol. Discussion paper no. 33. 1993, Manchester: University of Manchester.

This paper records the results of a research project undertaken to gain an understanding of how culture influences the systems, styles and practices of management, with a view to incorporating cultural factors in the organisational design and management of development projects. Fifty senior managers of two public sector project organisations in Punjab, Pakistan were interviewed. These interviews were done using a combination of the Repertory Grid Technique (RGT) and the Ethnographic Interviewing Method, to elicit critical cultural factors. The findings indicate that culture has a significant influence on a range of cultural practices. All aspects from the design of the project to the stages of the operation and evaluation bear the impact of indigenous cultural values.

There is a useful description of both the Repertory Grid Technique and the Ethnic Interview Method in this paper. RGT, has not been used often in a development context and this paper is an illustration of why it should be. The main reason for its choice in this study was the search for a method that would describe the values held by the individual managers without "contamination" by the beliefs of the interviewer.

The conclusion for institution building processes, is that far more "scientifically participatory" techniques need to be used in establishing potential obstacles or opportunities for institution building; and that culture and specificity are important general considerations.

33. Farrington, J. et al., **Reluctant Partners? NGOs, The State and Sustainable Agricultural Development**. NGO Series, 1993, London: Routledge.

This book combines comprehensive empirical insights into NGOs' work in agriculture with wider considerations of their relations with the state and their contribution to democratic pluralism. This overview volume for the Non-Governmental Organizations series contextualizes and synthesizes the case study material in the three regional volumes on Africa, Asia, and Latin America, where over 60 specially commissioned case studies of farmer-participatory approaches to agricultural innovation are presented. Specific questions are raised. How good are NGOs at promoting technological innovation and addressing constraints to change in

peasant agriculture? How effective are NGOs at strengthening grassroots and local organisations? How do and how will donor pressures influence NGOs and their links to the state?

34. Fowler, A., **Institutional Development and NGOs in Africa: Policy Perspectives for European Development Agencies**. 1992, Oxford: INTRAC; Novib.

This report provides an overview of NGO institutional development in the context of sub-Saharan Africa. Its primary purpose is to assist European NGOs formulate policies and strategies towards the institutional development of the NGO community on the subcontinent. The report provides: a systematic review of the state of the art in institutional development for NGOs; an analysis of the demand and supply of institutional development services in Africa; an outline of strategic decisions required from European NGOs wishing to support NGO institutional development in Africa; and a simple checklist for institutional development decision-making.

35. Fowler, A., **Building Partnerships between Northern and Southern Development NGOs: Issues for the Nineties**. **Development**, 1992. 1: p. 16-23.

This article identifies critical issues involved in negotiating equitable partnerships between northern and southern NGOs. The author argues that the need for balanced NGO partnerships must be seen in the broader context of strengthening NGOs' place in civil society. The author attempts to correct the imbalance of information that southern NGOs claim to feel about northern NGO activities. It offers a general review of northern NGOs, their origins, growth and context. Also, drawing on experiences mainly from Eastern and Southern Africa, issues are identified that are likely to influence the negotiation of NGO partnerships in the nineties. These are factors of natural partnerships, agreeing on the product, trust, legitimacy, organizational projection, one-way mirrors, and recognizing the limits to partnership.

36. Fuhr, H. **Institutional Strengthening on the Local Levels and Donor Coordination: Some Experiences from Latin American Adjustment Policies**. in **VIIIth General Conference**. 1993. Berlin: European Association of Development Research and Training Institutes.

Adjustment to increased market-orientation and institutional reforms at the municipal level could be coupled and be compatible with poverty-alleviation goals. Most important is a sound linking of financial and technical assistance components with 'conditionality' integrated. The Ecuadorian example also indicated that there is an important role for donors to play: They may introduce new incentives for

change and, temporarily, bridge associated financial constraints as well as policy-insecurity. They may also contribute to the replicability of single project interventions and to better cooperation of recipient agencies. Yet, new incentives structures for local private and public sectors via new institutional arrangements for more decentralized decision-making have to complement this approach, requiring gradual policy and legal reforms in Ecuador. (journal summary)

37. Goetz, A., Gender and Administration. **IDS Bulletin**, 1992. 23(4): p. 6-17.

This article begins by asserting that public service agencies have consistently failed to "include women equitably amongst the 'publics' they ostensibly serve. Goetz argues that the reason is that public administration is itself a gendered and gendering process, and that its outcomes, internal organisation and culture reflect and promote the interests of men. The article sets out a conceptual framework for the analysis of the gender of public administration in development. The focus will be primarily on public service delivery in the agricultural sector, as this remains the institutional arena most resistant to the admission of women's needs and interests in agrarian economies.

Most interesting from the institutional development point of view is the section on what a gendered theory of organisation would have to address. The problem is the persistence of male domination over a range of relationships, both internal and external, sustained by public service agencies in development. Manifestations of this persistence are to be found in areas which vary from the shaping of organisational structures which accommodate men's but not women's socially constructed labour and time capabilities; to sexual harassment.

The article concludes with recommendations following from the argument that public administration not only reflects gender relations in society, but also is itself a gendering process. Essentially, what is required are new forms of public administration supported by a political context conducive to women's empowerment (the governance dimension. In the short term, however, steps that can be taken are: ensuring genuine equity in service provision, by changes in organisational structures which reflect women's concerns, and changes in motivational structures which encourage women staff to support the needs of women clients.

38. Goldsmith, A., **Institutional Development for Agricultural Research: Concepts, Models and Measures**. 1991, International Service for National Agricultural Research (ISNAR): The Hague, Netherlands. p. 29.

Institutions are essential for socioeconomic development, yet confusion is widespread in the development community about what institutions are, how to improve them, and how to evaluate them. This article reviews three efforts to model institutional change to help guide ISNAR's future institutional development strategy. One is the institution building school, which draws on public

administration and sociology; second is new institutional theory, which relies mainly on economic theory; third is the institutional sustainability framework, which incorporates insights from the first two schools, as well as ideas from strategic management theory. These models and other literature suggest evaluation methods for institutional development. These methods focus on resource acquisition, internal processes, output and outcomes, and the linkages among these activities. The following ideas are suggested as important for putting together an effective institutional development strategy: get stakeholder participation, use success as a selling point, avoid complexity, secure internal commitment, secure external commitment, pick feasible objectives, choose the right moment for strategy formulation, build alliances, differentiate perceived versus actual payoffs, offer long-term training, and set extended planning horizons.

39. Gray, C., L. Khadiagala, and R. Moore, **Institutional Development Work in the Bank, A Review of 84 Bank Projects**. 1990, The World Bank:

This paper is based on research commissioned to assess the quality of institutional development (ID), in recent Bank projects, and the factors affecting that quality. It found the following:

That the Bank's record on ID is mixed. ID treatment was judged good in 43% of projects, adequate in 24% and weak in 33%. ID treatment tended to be better in investment projects - particularly in infrastructure, energy and human resources - than in adjustment loans.

Of the people working on ID issues, 44% were technical specialists, 27% were economists, 18% were lawyers, financial analysts, project officers, or country officers and 11% were people with specialised ID training. Several staff characteristics affected the quality of ID treatment in the design of Bank projects. First technical and institutional specialists appeared to do a better job than economists on average. This supports the view that ID is a specialty in itself, requiring specialised training. Secondly the data suggests that experienced people tend to do better at ID work. Third country experience contributes to the effectiveness of ID work.

The paper concludes with several recommendations. The inclusion of ID specialists in the staff of each department, is seen as preferable to the creation of a Public Sector Management Division. Sector-specific training and experience is seen as important in hiring staff for sector divisions, (see also Buyck; 1991). Resident missions with country experience and knowledge should be more included in programme design and in general greater emphasis on project design is needed. Finally, it is clear that the Bank's best ID work is done when the Project Manager combines the personal characteristics above with a commitment to project design.

40. Greenwood, R. and C. Hinings, Understanding Strategic Change: The Contribution of Archetypes. **Academy of Management Journal**, 1993. 36(5): p. 1052-1081.

(The authors) examine the concept of archetype, implicit in a number of contemporary approaches to the study of organizational design and change. Despite an emerging interest in archetypes, the concept has received inadequate investigation. The present article offers a basis for definition of the concept and sets down three assumptions, which (they) tested using data collected longitudinally from 24 organizations. (They) present a number of theoretical and methodological implications of the archetype approach to the study of organizational change.

41. Hassard, J., **Sociology and Organization Theory. Positivism, Paradigms and Postmodernity.** Cambridge Studies in Management, ed. W. Brown, A. Hopwood, and P. Willman. Vol. 20. 1993, Cambridge: Cambridge University Press.

The book starts from the claim that organization theory is in a state of crisis. The authors trace the history of the orthodox systems theory paradigm from its foundations in positivist sociology, through its theoretical and empirical development under structural-functionalism, to its recent deconstruction by postmodernists. It accepts the sociology-in-crisis thesis but takes issue with its argument that paradigms are incommensurable. It argues that paradigms are porous rather than hermetic phenomena, which has implications for both theory building and method-design. What emerges from this discussion are a pluri-paradigm method for organizational research and an epistemological framework for postmodern organizational analysis.

The most useful aspects of the book are the excellent history section which summarises concisely the history of sociological theory of organisation, contextualises it and shows how the present day positions have been arrived at. Extremely useful distinction and explanation of the two predominant approaches to research of organisations -the positivist/biological approach which sees organizations as systems which can be analysed and interpreted in the light of "theory-independent facts" and the Kuhnian approach that the researcher sees a "unique world from whichever paradigm we are situated in". Then moves on to consider and resolve the main problem with the Kuhnian approach that there are no good reasons for preferring one paradigm over another as the reasons are always paradigm-dependent and the related position that paradigms are therefore incommensurable.

Finally the practical examples of multiple paradigm studies are useful. Of particular use is the Fire Service case with its presentation of a research project which uses a functionalist, an interpretive a radical humanist, and a radical

structuralist approach in one case study. The only weakness with this excellent example is that the approaches were applied to different aspects of the study, so there is no way to compare them. This is explained and the explanation methodologically useful in itself.

"Before the fieldwork commenced one question remained - should we study a single aspect of work organisation or a number of aspects? One could either focus on a single issue of work organisation and examine this from the four paradigm perspectives or else specify four separate research issues with each paradigm addressing a separate topic." p.90-1

The book's discussion of the postmodern theory of organisation is also extremely useful, both because it is clear and from the point of view of finding an approach to organisations in the less-developed world. Postmodernism is particularly appropriate it seems because of its emphasis on relativism of meaning, language and concepts. It draws its inspiration from the ideas of Jacques Derrida who suggests that the meaning of any word is derived from a process of "deferral" to other words. This idea is an idea of great strength in researching organisations whose organisational language is rooted in other cultures, as by implication the meaning has to be established from the context rather than preconceived notions the researcher may have about what organisational terms might mean.

42. Havnevik, K., Aid Cooperation: What Kind of Partnership? Experiences with Technical Assistance to Tanzania and East Africa. **Forum for Development Studies**, 1992. 2(-): p. 163-171.

The core concern of this article is the increase of technical assistance in the light of the general belief that technical assistance will if performed correctly guarantee its own redundancy.

The article has an excellent overview of the breadth and extent of technical assistance initiatives and places them in the context of how development theories have changed from the post-colonial era until now. The early expectation with regard to technical assistance was that technical assistance personnel would be a short term phenomenon, bridging the gap between the end of colonialism and the establishment of education and training facilities in developing countries. This has proved to be erroneous and Havnevik provides figures illustrating the increase of foreign experts. He also points out that as the numbers of experts have increased, so has the unit cost of experts.

The increase in cost has not been matched by an increase in efficiency and in fact the converse is the case. There are a number of reasons for the increase and non-redundancy of technical assistants:

- 1) A number of surveys indicate that training functions were seriously neglected despite their inclusion in the terms of reference.

- 2) The expansion of TA has disregarded mechanisms and perspectives associated with phase-out.
- 3) Donor agencies experience pressures to disburse money and TA can absorb such disbursements.

The final point is that a comfortable relationship of interdependence has built up which mitigates against the phasing out of technical assistance. (See also Maddock, 1992.)

43. Hirschmann, D., *Institutional Development in the Era of Economic Policy Reform: Concerns, Contradictions and Illustrations from Malawi*. **Public Administration and Development**, 1993. 13(1993): p. 113-128.

The article argues that the essence of adjustment-related policy reform programmes (SAP) – both their substance and their pace – run counter to the central notions of sound institutional development. Attention is given to some fundamental notions about the relationship between the two processes, in particular focussing on questions of culture, speed of change and the political environment.

Hirschmann draws attention to such difficulties as the anti-state nature of adjustment policies, and the fact that the very people who are threatened by these policy reforms, are in fact expected to carry them out. In some instances this leads to a situation where the more efficiently someone works on the reforms the faster they will lose their job.

The article then outlines some of the conventional wisdom about institution building, that it is slow, incremental and requires commitment from the staff of the institution which is being built. The Malawian case study illustrates that none of these conditions are present, looking at the decline of the planning function in Malawi, confusing incentives systems in the areas of salaries, housing and training, and lack of serious concern for the sustainability of the reforms.

Of particular interest are the comments on the rise of semi-autonomous institutions such as the Malawi Institute of Management. These institutions are supported by donors because they strengthen local capacity. However, because of the country-wide shortage of expertise in every area, staff or consultants with such institutions are probably drawn from government, or the university with the resulting loss of capability from those institutions. The creation of institutions does not of itself mean the creation of more local expertise or capability. In addition such semi-autonomous institutions may have the effect of undermining or circumventing the central planning of government departments, leading to short term concerns and lack of sustainability.

The article also talks about the problems of incentives for government staff. In general government staff are poorly paid, but donor payment into salary packages, may create a dual economy where donor supported institutions which reflect

donor concerns are far more attractive career prospects than local organisations, (see also Cohen, 1991). Elsewhere (see Wilson 1993), this has been referred to as the "misnomer of 'capacity building' which seems to stop building capacity and start re-allocating that which is already in existence."

44. Hulme, D., Enhancing Organisational Effectiveness in Developing Countries: the Training and Visit System Revisited. **Public Administration and Development**, 1992. 12: p. 433-445.

Improving the effectiveness of public sector organisations in developing countries has become a major focus for national governments and foreign aid agencies. This study reviews the experience of a major organisational reform strategy, the training and visit system of extension, that has operated for more than 20 years. Lessons drawn from this experience for institution building are that aid donors must:

- a) eschew their preference for organisational blueprints and recognise the contingent nature of their reforms;
- b) recognise that many public sector organisations have only a small "controlled" decision making space and thus pay more attention to "influencable" decision-making opportunities;
- c) acknowledge that "machine-model" approaches are likely to reinforce the negative aspects of hierarchical control in bureaucracies and
- d) pay much more attention to organisational sustainability in terms of finance and strategic management capacity.

45. Islam, N., Public Enterprise Reform: Managerial Autonomy, Accountability and Performance Contracts. **Public Administration and Development**, 1993. 13: p. 129-152.

The underlying assumption of this paper is that autonomy and accountability are both fundamental prerequisites for the effective functioning of state-owned enterprises. The paper first examines the traditional, dichotomous approach to the "autonomy-accountability conundrum" (p. 130). This approach posits the relationship as process orientated, pervasive, quantitative and based on a priori controls. In other words, control over the process of management with not attention being paid to performance. A more recent view of control and accountability, as a posteriori, qualitative, strategic, results orientated and non-zero sum is then briefly analysed. Recent World Bank adjustment reforms, centring on rendering managers accountable for results while granting them as much managerial autonomy as possible, fit this description.

The second part of the article is more specific, looking at some of the mechanisms through which accountability might operate in the public sector. Specific

knowledge of these type of mechanisms – or their local equivalent, would be important for institution building and accountability in public sector reform. The paper looks at the possibilities for using PCs-performance contracts, to implement the latter approach. Three basic models of PCs-Senegal's 'contrat' plan, Pakistan's 'signalling system' and India's 'memorandum of understanding' have been analysed, comparing the negotiating process, major players and substantive elements and results. The contrat plan is more of a legal document at least in formal terms than the other two. None of the three models, however, provides any sanctions in case of a violation of the contract by the governments. Although the Indian and Pakistani PCs appeared to be more successful than the Senegalese contracts, the relationship between financial performance and performance contracts remains far from conclusive. In all three countries, the contracts have failed to provide a single window through which government-enterprise interface can be effectively managed. Thus the problem of multiple principals and single agents remains unresolved.

46. Israel, A., **Institutional Development: Incentives to Performance.**
1987, The World Bank.

The author illustrates the importance of institutional performance in economic development and explores ways to increase the effectiveness of such institutions. The book indicates that many of the commonly accepted principles of management and organization need to be modified and new approaches developed. The author describes various measures that managers and governments can adopt to improve performance in individual enterprises, sectors of the economy, and the country as a whole. He discusses the managerial approach used in the training and visit system of agricultural extension which successfully illustrates many of the operational conclusions of the book and may be useful in other activities. He introduces two alternative factors that may offer explanations of the patterns of institutional development. The first is specificity; and the second is competition. The author discusses these concepts and suggests ways to strengthen the performance of institutions through simulation of specificity and competition when these two factors are weak or nonexistent.

47. Lall, S., **Promoting Technology Development: The Role of Technology Transfer and Indigenous Effort.** *Third World Quarterly*, 1993. 14(1): p. 95-108.

The relationship between the import of technology and indigenous investments in technology development has long been the subject of policy debate and concern in developing countries. It is evident that the two complement each other to a large extent, and also that in certain respects they can substitute for each other. This paper considers technology transfer mainly in the form of foreign direct invest-

ment, and assesses the contribution that this makes to technological development. The issues assume particular significance today because of the growing pressures on developing countries to adjust their economies, to remove, in other words, interventions that have been commonly practised on trade, foreign investment, and other modes of technology transfer.

48. Lammers, C. and D. Hickson, ed. **Organisations Alike and Unlike: International and Inter-Institutional Studies in the Sociology of Organisations**. 1979, Routledge & Kegan Paul Ltd: London.

Bringing together for the first time the results of recent research and lively analysis prompted by current research projects, this book offers a current perspective on the very varied organisations that exist today. It contrasts the life and problems of organisations in many parts of the world and highlights the differences between those societies as reflected in their different institutional sectors such as manufacturing, commerce, social services and government administration. In so doing, the book contributes to the theoretical foundations of the sociology of organisations by revealing previously unseen relationships between societies and institutions, offering an original synthesis of all available research, thus producing a new typology of organisations.

49. Lensink, R., **Recipient Government Behaviour and the Effectiveness of Development Aid Some Evidence on Six Sub-Saharan African Countries**. 1992, Institute of Economic Research, University of Groningen:

The article considers what the author refers to as the "micro/macro" paradox ie that "macro" studies find a much lower degree of success of the impact of aid on economic growth than "micro" studies. He explains this paradox in terms of developing countries government behaviour in response to an inflow of foreign aid. Two examples of this are that aid inflows may negatively influence the tax efforts of the recipient government. In addition, aid inflows may mean that recipient governments divert their expenditures on productive purposes towards unproductive ones – eg. the purchase of arms.

He tests this hypothesis in Senegal, Zimbabwe, Cote d'Ivoire, Congo, Cameroon and Botswana. The conclusion is that the macroeconomic policies of the recipient government are extremely important for the degree of success of development aid.

50. Lethem, F. and L. Cooper, **Managing Project-Related Technical Assistance: The Lessons of Success**. 1983, The World Bank:

World Bank experience and that of other donor agencies suggests that "institutional" assistance (TA/i) is less successful than "engineering" assistance because

TA/i services deal with problems that are difficult to define and resolve. Moreover, the state of the art is unclear; these services require a thorough understanding of the society, culture, and institutions involved; and the outputs of TA/i lack the precision of engineering solutions, are difficult to assess, and usually require behavioral changes in the recipient. The success of TA for non-engineering activities appears to depend on three factors in particular: the commitment of all parties concerned; the careful design of the TA; the handling of the TA as a process and not as a blueprint. The paper presents the conclusions from a review of several successful projects and offers a number of practical suggestions for TA designers and appraisers. Of special note are the detailed annexes, including one related to the twinning of agencies.

51. Maddock, N., Local Institutions and the Management of Development Projects. **International Journal of Public Sector Management**, 1992. 5(2): p. 4-6.

This article considers the phenomenon of giving the management and responsibility for project implementation to institutions in recipient countries. For example, from 1992, all new projects financed by the United Nations Development Programme (UNDP) will be nationally executed.

The arrangement is encouraged on the basis that it will increase the participation of national staff in decision making, strengthen local accountability, and ensure that the donor cannot dictate project strategy. In addition, it will contribute to local manpower development through giving national staff management experience.

Maddock goes on to itemise the potential shortcomings in this arrangement, which include 1) the reluctance of donor agencies to relinquish decision-making power, 2) the lack of skilled managers in the less-developed world, 3) unclear responsibility of expatriates in locally managed projects (this links closely to 1)), 4) In practice (again, this links closely to 1) the employment of a local agency adds another link to the bureaucratic chain, which may delay project implementation.

The shortcomings highlight areas of concern in institution-building of projects and programmes which have a 'handover' (from donor to recipient) element in them. (See also Havnevik 1992).

52. Maguire, R. From the Bottom Up: The Inter-American Foundation as an Experiment in Development Assistance. in 1989 Annual Conference **Development Studies Association**. 1989. Queen's University Belfast, Northern Ireland;

This report summarizes the Inter-American Foundation's organizational development, operational strategy, and program activities. It provides a case study of a program it supports in Haiti and a typical grant to demonstrate how its principles

and approaches are applied in grant-making. An area of primary concern to the IAF is institutional development of local partnership organisations through development assistance.

53. McGill, R., *Institution Building for a Third World City Council, Some Lessons from the Practice. International Journal of Public Sector Management*, 1993. 6(5): p. 24-33.

This article is based on an institution building project, which in turn emerged from difficulties which had arisen in the management of Malawi's City Councils. These difficulties were perceived as classic failures in financial management and general administration, which lead in turn to a deterioration in financial capacity and a consequent decline in council activities. An ODA funded project was initiated with the objective of improving "standards of administration and financial management". This article describes the process of doing this over three years.

Two aspects are extremely interesting. The first is the 'first things first' approach. The Lilongwe City Council was in a state of extreme apathy, staff were exhausted and even basic services were not being undertaken. The Council was understaffed even when budgets existed for appointing new staff. The initial part of the institution building exercise was therefore to 'get things moving', by dealing with immediate problems such as staffing and waste disposal.

During this phase of the exercise as the understanding of the council and its context increased, it became apparent that the project's terms of reference which saw "institution building" as improving the efficiency of the organisation, were not broad enough. In fact it was considered both "dangerous and technically unsound" to remain within them. The project was therefore reinterpreted as the need to develop strong urban management in the context of a dynamic development environment. The process of city building was therefore seen as being central to the council's policy and budgetary deliberations. Institution building, thus became the means and not the end in itself. This highlights issues about the importance of context in institution building and the "core competencies" of staff who undertake such institution-building exercises.

54. McGruder, J., **Institutional Development: Improving Management in Developing Countries**. 1986, The American Consortium for International Public Administration:

Between 1984 and 1986, the American Consortium for International Public Administration conducted a series of 12 seminars on institutional development in less developed countries. This report reflects four recurring interrelated themes - guidance and "how tos" for enhancing general institutional development undertakings, special focus on financial management and accountability aspects of institutional development, privatization approaches, and donor cooperation.

55. Meyer, C., The Irony of Donor Efforts to Build Institutions: A Case Study from the Dominican Republic. **Journal of Institutional and Theoretical Economics**, 1992. 148: p. 628-644.

The "irony" referred to in the title is that donor structures and needs are directly opposite to the conventional wisdom about institution building. The article illustrates this by tracking the involvement of donors with institution building for rural development in Latin America from the fifties, noting that a variety of approaches has come and gone. Disillusionment with the early "community development approach" inspired efforts to increase agricultural production. In the 70s, "integrated rural development" came into fashion with its emphasis on basic human needs. Donors have built new public institutions with each approach, but results have been disappointing because they have been built on a the strength of an idea about development, rather than on an ongoing identified need. International and local rural development practitioners have found public institutions to be stumbling blocks for rural development. This article uses insights from the New Institutional Economics to re-examine donor efforts to build institutions. Changes induced by donors such as the InterAmerican Development Bank (IADB) and the US Agency for International Development (USAID) are examined in a framework of demand and supply for institutional change. The core argument is that because the relevant demand for institutional change is from donor agencies, it is not surprising that rural institutions have been found to be inadequate in meeting the demands of rural clientele; and rather serve the needs of donors. Thus the core issue for institution-building is the origin of the institution – if based on a transient fashion, the institution is unlikely to have the capacity to be developed.

The further question of whether this has disrupted the possibility of providing the relevant capacity from domestic resources is considered. Donor funding may have introduced changes in the local economy which mean that such institutions can only now be created with amounts that realistically only donors can provide. The case study for the article is the agricultural extension service in the Dominican Republic.

56. Meyer, C., A Step Back as Donors Shift Institution Building from the Public to the "Private" Sector. **World Development**, 1992. 20(8): p. 1115-1126.

This is a general discussion of the shift of donor support from the public to the private sector in ldc's. The paper develops a theory of an "externally funded NGO sector" whose major source of funding is external to the domestic economy. This sector forms a particular organisational sub-set which differs from the domestically-funded non-profit subset. The difference lies in the question of accountability – domestically funded non-profits, are accountable to their constituents, albeit indirectly, whereas, externally funded NGOs are in the main accountable only to

their donors. The argument is therefore, that because of the accountability problem, externally funded NGOs are an inadequate substitute for the public sector.

In addition, the article looks at issues involved for donors in choosing between the public and private sectors, reviews of the literature on comparative advantage or otherwise of NGOs. Case studies - Dominican Republic, Ecuador where USAID has shifted most of its funding from the public to the non-profit/private sector are included.

Also included is a literature review on the theory of non-profit organisation, and commercial organisation.

57. Muscat, R., **Evaluating Technical Co-operation: a Review of the Literature. Development Policy Review**, 1986. 4: p. 69-89.

This article is a review of the literature on the evaluation of technical co-operation (TC). After an assessment of limitations and biases in the evidence, it looks at TC effectiveness first by sector (meteorology, forestry, agriculture, pastoralism); and then by types of technical assistance (health, education and population). The second half of the article discusses the question of the impact of TC on its beneficiaries and in particular on the poorest sectors. The final section covers some of the processes of technical co-operation, in particular training of personnel and the impact of cultural change.

This article is useful because it provides a wide-ranging view of technical assistance in its many shapes and guises; and a critical overview of the orthodox criticisms and claims on behalf of TC. One of the most interesting sections is the discussion of the expert/counterpart relationship on p.84 describing the complaints from both the 'counterpart' and the 'expert' side of the transaction.

From the expert's perspective, difficulties with the counterpart included, the counterpart being selected late in the life of the project, being too occupied with his (sic) job to spend time on the counterpart function, being inadequately trained, and leaving for a better job. From the counterpart's perspective, difficulties included the expert concentrating on getting the work done to the exclusion of training the counterpart, being competent in his (sic) subject but unskilled as a trainer, upstaging the counterpart in influence, and blocking the counterpart's career process by staying too long.

58. Paul, S., **Institutional Development in World Bank Projects: A Cross Sectoral Review**. 1990, The World Bank:

The purpose of this summary is: to review the salient features of the World Bank's institutional development (ID) work in different sectors of the economy in

the 1980s; to assess the performance of ID components in Bank projects, and; to present the implications of the findings for Bank policy. Because of the wide spectrum of sectors being surveyed, cross-sectoral, rather than, sector-specific features of ID work are highlighted. Investment projects, sector loans and sector adjustment loans in all regions fall within the purview of the paper. The paper draws upon the findings of sample surveys of projects, review papers on individual sectors and lending operations, Operations Evaluation Department (OED) data and analysis, and Bank staff interviews.

59. Phillips, H., **Guide for Development Institution-Building and Reform**. 1969, London: Praeger.

This book is intended as a practical guide for individuals and organizations engaged in effecting changes in the developing countries, and especially those concerned with the development of institutions contributing to economic growth, social development, and nation-building. It is divided into three sections: Institutions and Change; Case Studies of Institutional Development; Policy and Operations. Each main section is divided into chapters and each chapter has a summary of major points at the end for quick reference.

60. Powell, W. and P. DiMaggio, ed. **The New Institutionalism in Organisational Analysis**. 1991, University of Chicago Press: Chicago IL.

The "new institutionalism" is culture in organisations. This book is a series of papers produced at a conference funded by the American Association of Student's Problems of the discipline programme.

The first section is a historical overview of institutionalisation theory past and present. It looks at issues such as 'legitimacy', 'authority' and how an idea or movement becomes "institutionalised". Most useful is the third section which presents six papers that investigate change in organisations which include non-profit organisations, community colleges and industrial firms. All but two papers deal with organisations in the US. The others deal with organisations in Canada, Japan, Taiwan, and South Korea.

The empirical section of the book focuses on the authority of organisations and the contexts that give organisations "authority" with their constituent groups. For example, (Singh et al chap 16) found that Canadian voluntary organisations gained authority over "youth" because of shifts in government policy and concluded therefore that legitimacy may flow from events outside the organisation which are beyond the organisation's control.

This is an excellent overview of a number of theories about "institutionalisation", what it means and how it happens.

61. Quarles van Ufford, P., D. Kruijt, and T. Downing, ed. **The Hidden Crisis in Development: Development Bureaucracies**. 1988, Free University Press: Amsterdam.

The book emerges from an international conference on "development bureaucracies", including representatives from developed countries, less-developed countries, the public sector, and NGOs. It is argued that development bureaucracies are in crisis, because they do not have the organisational capacity to produce the desired results. Consequently, organisational and/or institutional issues are receiving much more attention. The result of this attention has been to approach either from the supply side – how development policy shapes the environment; or from the demand side, how the environment shapes development policy. The authors of the book suggest that neither of these approaches is correct. Development bureaucracies are neither rational actors, uninfluenced by their context, nor are they simply products of their environment. In fact they lie between the two, and the purpose of the book is to explore this interface. The basic contradiction – that aid has to appeal both to donors and to recipients, is both implicit and intrinsic to this interface. This has a fundamental impact on the way in which development bureaucracies operate. Those at the top of the organisation are more in touch with the givers of funds, those at the bottom are more in touch with the receivers. (See also Meyer, 1992b; David Brown and Covey, 1987). This may also result in disjunctions between decision-making at the top and decision-making at the bottom, which can cause problems in the process, and institutional development problems.

62. Quarles van Ufford, P., The Myth of a Rational Development Policy: Evaluation versus Policy-Making in Dutch Private Donor Agencies, in **The Hidden Crisis in Development: Development Bureaucracies**, P. Quarles van Ufford, D. Kruijt, and T. Downing, Editor. 1988, Free University Press: Amsterdam.

This article draws on a historical analysis of Dutch development aid to explore certain surprising behaviour patterns in Dutch donor NGOs. Most interesting, is the observation that they put considerable effort into the evaluation and monitoring of their development projects, but did not act on their findings. Quarles van Ufford, drawing on the writings of Mintzberg, an organisational theorist, argues that Dutch NGOs are 'professional bureaucracies' dominated by their operational staff, by which he means the regional desk officers. The work of these staff spending money on development projects is vital to the organisation's survival. The work of the less powerful support staff of technical advisers and evaluators is not, and hence their findings and advice are ignored. The evaluations become an self-justifying end, rather than a means to improvement.

The income-generating activity (fundraising), of these organisations is also

explored. The ability to raise money depends on a public image which may be only distantly related to the actual work of the NGO. Managers and staff concerned with image creation may be distanced from the work of the operational staff, causing disjunction in management policy and further negating of evaluations. (See also Quarles van Ufford, P; Kruijt, D and Downing, T, (eds) 1988.)

63. Ranis, G., The Role of Institutions in Transition Growth: The East Asian Newly Industrialising Countries. **World Development**, 1989. 17(9): p. 1443-1453.

This paper rejects both the claims of those who see the East Asian story as one of the application of pure laissez-faire and the more recent revisionist view that it all resulted from the activity of a highly intrusive government. Instead, this paper emphasizes the role of institutional/organisational changes orchestrated by a government which was both sensitive to these systems' initial conditions and to the importance of setting the stage for the fullest possible participation, through markets, of large numbers of dispersed private actors. Specifically, the success or failure of government actions in the dimension of organisational/institutional change is related to the three ingredients – secularism, egalitarianism, and nationalism – viewed by Simon Kuznets as essential for modern growth. The paper concludes by demonstrating the applicability of these notions to the East Asian case, especially Taiwan during its postwar period of spectacular development success.

64. Roe, E., Development Narratives, or Making the Best of Blueprint Development. **World Development**, 1991. 19(4): p. 287-300.

The scenarios and arguments that drive and sanction much of Third World rural development are often dismissed as myths, ideologies, conventional wisdoms or fads. Yet these development narratives persist through time and frequently in spite of evidence learned in the field. Instead of calling for more site-specific learning to overthrow narratives that seem to be blueprints for development interventions across countries, the wiser course is first to examine ways in which these narratives can be improved or superseded. Four case studies show how policy makers and practitioners can think more enterprisingly about development narratives specifically and blueprint development generally.

65. Simukonda, H., Creating a National NGO Council for Strengthening Social Welfare Services in Africa: Some Organisational and Technical Problems Experienced in Malawi. **Public Administration and Development**, 1992. 12: p. 417-431.

In 1985, Malawi's social welfare organisations formed the Council for Social Welfare Services in an attempt to strengthen the delivery of social welfare services

to the underprivileged. This was to be achieved with more formalised co-ordinated functioning among organisations and a better system for assessing the technical, financial and training needs of the organisations and the target groups and for meeting them. This paper examines the feasibility of establishing this sort of self-help promotion organisation (SHPI) organisation (see also Verhagen, 1987). It focuses on problems such as the heterogeneity of social welfare organisations in terms of origin, objective guidelines and operational cultures as well as the feasibility of getting the necessary co-operation to strengthen the council's resource and authority capacity to meet its own objectives.

66. Staudt, K., Gender Redistributive Policy, in **Women, Foreign Assistance and Advocacy Administration**, K. Staudt, (ed). 1985, Praeger: New York. p. 1-10.

Staudt analyses the various attempts that have been made since circa 1973 when USAID was instructed by congress to integrate women into the development process. She begins by pointing out that although AID did respond, they did so "largely due to the continued prodding of an expanded female constituency...". This response, notwithstanding, only a minute proportion of agency spending is devoted to involving women in development and most funding for women is still in traditional sectors such as family planning and home economics.

This study analyses the attempts of AID to press for implementation of women in development policy and to institutionalise the policy in the core of AID's procedures and key technical sectors. The study assumes as a starting point that programmes incorporating gender are in fact a specialist version of redistributive policy, but addresses ideologies which have made women appear irrelevant in development and therefore fostered deep personalised conflict within the bureaucracy once the policy existed.

67. Staudt, K. and J. Jacquette, Bureaucratic Resistance to Women's Programmes: The Case for Women in Development, in **Women, Power and Policy**, E. Boneparth, Editor. 1988, Pergamon: New York. p. 263-281.

"...if one looks at recent laws and policy pronouncements alone, one might perceive that significant advances have been made in moving government policy towards greater accountability to women as well as to men. Administrative theorists remind us, however, that real policy may be found in bureaucratic practice."

This is the theme of this article - the entrenchment of power imbalances within bureaucratic structures. The article focuses on the attempt to incorporate a Women in Development (WID) office into USAID and analyses the points at which resistance has been found. These vary from sheer lack of money - the amount available to the WID programme is marginal, to factors such as the geographical

location of the WID office, and the lack of a WID veto on programmes. This article has relevance to both attempts to incorporate gender perspectives into bilateral and multilateral agencies; and what is needed if one is to build a gender perspective into institutions in general.

68. Stewart, S. and S. Zadek, **Organisation as Development**, a Consideration of Method. 1994, forthcoming, New Economics Foundation, forthcoming.

This article is an exhaustive consideration of methods that are appropriate for use in work with organisations that lies somewhere in-between research and institutional development. Of particular interest from the institutional development point of view is an extensive discussion of how power relationships may affect the institution building aspect of the work in a development context. Researchers and institution building professionals are linked in the minds of organisational staff with donors and donor interests. This means that they may, if skillful, gain the co-operation of the organisation for research purposes, but they may not gain commitment to institutional change.

A useful distinction is drawn between 'institution building' consultants operating in developed countries, and those operating in less-developed countries. In developed countries, organisations which hire said consultants do so on the basis of a perceived need for change; can use or lose the consultant's advice as they see fit and can fire the consultant if they want to. In less-developed countries, consultants of the donor's choice are often hired because of the donor's perceived need for change, and continued funding is dependent on favourable reports from the donor. The rights and wrongs of this are not debated; the point is that this type of relationship with the potential institution builder does not lend itself to effective institution building.

69. Streefland, P., Credit and conscientization: effects of different development approaches in Bangladesh. **Public Administration and Development**, 1993, 13: p. 153-169.

This article provides a comparative description and analysis of medium-term effects of two development approaches geared towards poverty alleviation in Bangladesh. One approach which was studied in a programme of the Bangladesh Rural Advancement Committee (BRAC), emphasizes a combination of group formation, awareness building and selective confrontation with the rural elite. The other approach emphasizes provision of credit to the rural poor; studied in an area where the Grameen Bank has been implementing its programme since an early stage. The study on which the article is based included a mixture of qualitative and quantitative research methods. Its significant contribution in the context is a design and method for evaluative research gauging the effects of

interventions in settings, such as organisations, characterised by a lack of baseline data.

70. Thorbecke, E. and C. Thorbecke in collaboration with Morrisson, Institutions, Policies and Agricultural Performance: A Comparative Analysis. **World Development**, 1989. 17(9): p. 1485-1498.

This paper provides a synthesis of a large-scale OECD Development Center evaluation project which examines how institutional issues affect agricultural performance, based on a comparative analysis of six individual case studies of poor developing countries over the period of 1960-85. A number of policy inferences and generalizations are drawn from the comparative experience of these six countries. The underlying methodology is presented in Section 1. The relations between institutions, policies and performance is analysed in Sections 2 and 3, while Section 4 focuses on the institutional role of the State in agriculture.

71. Uphoff, N., **Local Institutional Development: An Analytical Sourcebook with Cases**. Library of Management for Development, ed. K. Press. 1986, West Hartford, Connecticut: Kumarian Press.

This a comprehensive handbook of thinking on organisations in the less-developed world. It is a combination of analysis and thumbnail case studies and draws on Uphoff's wide experience to reach new and interesting conclusions about organisations in the less-developed world. The work is split along thematic lines with different chapters considering the issue of strengthening local institutions which have different functions eg. local institutional development (LID) for agriculture and LID for health. The annexures consist of eighty-one geographically organised case studies of local institutions.

72. Uphoff, N., Paraprojects as New Modes of International Development Assistance. **World Development**, 1990. 18(10): p. 1401-1411.

Much as paraprofessionals are intended to accomplish things that professionals cannot or will not do, donor agencies should consider supporting paraprojects. These are oriented to making developmental contributions where conventional projects cannot or do not reach, and in more sustainable, cost-effective ways. It appears that the effectiveness and efficiency with which donor resources are presently being put to use are declining and that, other things being equal, there are diminishing returns to project size. This article explores alternative modes of development assistance which are brought together and illuminated by the paraproject concept.

73. Verhagen, K., **Self-help Promotion, a Challenge to the NGO Community**. 1987, Amsterdam: CEBEMO/The Royal Tropical Institute.

The author begins with the premise, that "national economic growth alone cannot prevent the growth of mass poverty". "Self-help" has therefore emerged as the new paradigm for alleviating rural poverty and self-help promotion as the main orientation for local NGOs in developing countries.

The study therefore goes on to review case studies of work in Brasil, Indonesia and Thailand. The intention of each case-study organisation is to widen the scope of action for the rural poor, enabling them to acquire more latitude in steering socio-economic development in directions consistent with their needs.

The report is divided into two parts. The first is concerned with premises, concepts and methodology. The second is a synthesis and reinterpretation of the studies. The operations of local self-help promotion institutions (SHPIs) are reviewed, together with their interaction with self-help organisations (SHOs) as part of an overall system of self-help promotion. The book concludes with a summary and recommendations.

74. Warner, S., Work in Progress towards a New Paradigm for the Sociological Study of Religion in the United States. **American Journal of Sociology**, 1993. 98(5): p. 1044-93.

The "new paradigm" in this instance, is that churches within the US operate within the context of the market. The old paradigm is that the church had a monopoly. If the new paradigm is correct, it has a number of implications for the value-base and therefore for the value-based church authority. This has interesting applications both for the impact of the change in funding or organisations and for relationship between the value-base and the structure of organisations. What is particularly interesting is the detailed discussion of the tension between the "value base" and the need to look for funding. (See also David Brown, 1987).

75. Wilson, L., Kenyanization and African Capacity 'Shuffling'. **Public Administration and Development**, 1993. 13: p. 489-499.

This article is a critique of Cohen (1992), article (annotated here) seeking to augment it by looking at the potential for misallocation of the resources implicit in Cohen's suggestions. Wilson comments "The traditional approach of aid donors to shortages of capacity is, rather simply, to supply some more. It works on the assumption that the local economy allocates its own resources reasonably effectively, it just does not have enough of them." This article is taken up with examining i) the assumption that the local economy will allocate its resources efficiently, and ii) the assumption that the addition of money to the system creates new resources.

In relation to ii), Wilson makes the point that "donors must be aware that they are transporting a fixed amount of resources...around the system, not adding any new ones...". The point is that, in this instance it is not money that is needed, but capability in the form of skilled personnel. Money may contribute to the creation of skilled personnel, but not immediately. All that it accomplishes in the short term is a move of the existing personnel around the chess board and not its desired effect which is to provide skilled staff to the GOK who are extra to the existing capability within Kenya. Once capacity reallocation rather than capacity creation is accepted, the rationale for reallocation becomes:

- i) that the GOK or economy are allocating resources in a way which they see as optimal, but which the donor does not like
- ii) that the Kenyan economy suffers some distortions which keep the allocation of resources from being optimal
- iii) that for some other reason the GOK is unable to implement a rational policy.

If i) is accepted and the programme continued this is a) introducing paternalism into the system, and because it is imposed, is unlikely to be sustained after donor withdrawal.

If ii), then Wilson suggests that the distortions need to be considered before adding to them. It is argued for example that the GOK cannot afford to hire economists, because they are in demand in consulting firms which are paid at international rates by donors. "The first and best place to correct this distortion is to remove it, by persuading donors to pay at local market rates. Again if the distortion is not corrected, the rates of pay will not be sustained after donor withdrawal.

He concludes that there is a fundamental difference between paying local staff international salaries (capacity reallocation) and paying international staff (new capacity) international salaries, and suggests that the problems raised by the second option may be easier to solve than those raised by the first.

II. ITEMS OF LITERATURE, BY CATEGORY AND KEY WORDS

For ease of reference the items of literature in the annotated bibliography has been arranged, using the reference number given to each item, on the basis of a number of categories and key words, as given below:

Institutions being built:

1. Type of institution being built

It appears from the literature that four different types of organisation are being supported:

a) Particular organisations or agencies of government – giving rise to the key words:

Government

2; 3; 5; 6; 7; 12; 18; 20; 21; 25; 26; 33; 37; 39; 42; 43; 44; 45; 46; 48; 49;
50; 53; 55; 56; 57; 58; 60; 61; 62; 63; 65; 66; 70; 75;

Ministries, Departments

22; 43; 65

Provincial and communal administrations

6; 7; 9; 43

Sectoral service administrations (eg. forestry, fishery, town planning) 6;

7; 9; 18; 20; 37; 38; 43; 44; 53; 65; 75

Civil service

2; 3; 18; 26; 37; 43; 44; 53; 65; 75

b) Parastatal organisations – key words

Parastatal

21; 43; 57; 55; 56; 58

Publicly owned enterprises

55; 56

Development corporations

43; 55; 56;

c) Private enterprises – key words

Private enterprise

30; 69

Small scale enterprise

30; 69

d) "Third Sector" Organisations – key words

Third Sector

1; 2; 5; 6; 7; 10; 14; 17; 20; 22; 23; 24; 25; 27; 31; 33; 34; 35; 43; 52;

55; 56; 57; 61; 69; 71; 73; 75;

NGO

1; 2; 5; 6; 10; 14; 17; 23; 24; 25; 27; 31; 33; 34; 35; 43; 52; 55; 56; 57;

61; 69; 71; 73; 75;

National associations of employers

62; 65

e) "Cross-organisational" is the term used when a particular institutional subset is not specified as the target of "building" activities.

Cross-organisational

2; 4; 7; 12; 14; 17; 19; 21; 24; 25; 26;30; 37; 38; 43; 44; 44; 52; 61;
65; 66;67; 68; 69; 71; 73; 75

2. Activities the institution being built is involved in

Service Provision

3; 6; 7; 12; 18; 21; 26; 37; 43; 53; 69;70

Human rights/advocacy

19; 37; 66; 67; 68

Gender

19; 37; 66; 67

Cross-sectoral (term used when the particular sector or type of activity
not specified)

0,52,55; 56; 58; 61; 62

3. Institutional level of operation

Local, village, small scale urban

4; 7; 36; 51; 52; 72

Regional

9; 12; 15; 43

District

15; 58; 69; 73

National

1; 2; 3; 4; 8; 11; 12; 15; 18; 20; 21; 25; 26; 30; 31; 38; 43; 44; 48; 50;
51;53; 54; 55; 57; 58; 62; 65; 71; 73; 75

International

1; 2; 3; 11; 18; 20; 21; 30; 31; 37; 38;48; 50; 51; 53; 54; 55; 57; 62; 71; 75

All-level

1; 2; 4; 8; 17; 24; 25; 26; 31; 39; 52;55; 56; 70

Institutions doing/initiating the building

1. Type of institution

Government-internal (this refers to government in-country –
other government initiatives are considered in the context
of bilateral and multilateral donors)

20

Government-external – refers to donor-government

20

Donors

6; 18; 24; 25; 31; 36; 39; 43; 44; 45; 47; 49; 50; 52; 55; 56; 58; 61; 62;
68; 75

Bilateral

8; 18; 43; 49; 55; 56; 57; 61; 62; 66; 67; 73; 75

Multilateral

9; 15; 39; 43; 49; 50; 57; 58; 61; 62; 67; 70; 73; 75

International NGO (INGO)

43; 47

Intermediary organisations – SHPI (otherwise known and identified for the purposes of the key words by the acronym for Self-Help Promotion Institutions)

27; 34; 35; 65; 73

All-builders (term used when the institution builder is unspecified.)

2; 4; 7; 12; 14; 17; 19; 21; 24; 25; 26; 30; 37; 38; 43; 44; 44; 52; 61;
65; 66; 67; 68; 69; 71; 73; 75

2. Type of intervention

This section is divided into tasks and levels. The specific intervention tasks can be done at all levels. Type of intervention will therefore be identified by both level and task.

a) Level

Micro-level (improving a particular organisation, ie its efficiency, management and services, products or in general outputs to meet the demands of clients or users.)

4; 69

Meso-level (this is focussed on the development of what Uphoff (1986) has referred to as "linkages" and includes stimulating cooperation between different types of organisations and institutions in society, vertically or laterally to form a network of institutional arrangement and provide mutually complementary services for a bigger, often transsectoral task like poverty alleviation or environmental protection.)

4; 5; 7; 20; 23; 26; 30; 46; 53; 58; 65; 69; 70; 71; 72; 73;

Macro-level (intervention at the national level on reforms in central administration, devolution, decentralisation, deregulation, transfer of government functions to non-governmental institutions, privatization of public enterprises or on the transformation of grass-root-level movements into national associations under new laws (institutionalisation)

1; 12; 15; 20; 21; 23; 27; 38; 39; 43; 46; 50; 54; 58; 70; 71

b) Tasks

Technical assistance

9; 12; 15; 20; 26; 30; 36; 38; 39; 42; 43; 44; 47; 50; 51

Management improvement

2; 7; 8; 10; 12; 14; 16; 20; 24; 30; 38; 53; 57; 65

Funding (this implies funding only – all the other tasks are assumed to include a funding component)

9; 12; 16; 18; 24; 25; 26; 31; 38; 49; 52; 55; 56; 61; 62; 66; 71; 73; 74; 75

Capacity building (enhances the efficiency of the organisation/ institution seeking to improve amongst other things input:output and staff:output ratios. A good example would be downsizing of the civil service related to structural adjustment.)

1; 2; 3; 5; 6; 7; 18; 21; 26; 27; 30; 38; 39; 43; 50; 51; 53; 57; 65; 75

Capability building (focussed on human resources and seeking to increase skills and abilities.)

3; 7; 12; 16; 18; 21; 24; 25; 26; 38; 65

3. Institutions located by country, region and continent

Geographical index

AFRICA 2; 3; 9; 18; 33; 34; 43; 45; 49; 53; 65; 75

Sub-Saharan Africa 2; 3; 9; 18; 33; 34; 43; 45; 49; 53; 65; 75

Botswana 49

Cameroon 9

Congo 49

Cote d'Ivoire 49

Kenya 18; 75

Malawi 43; 53; 65

Zimbabwe 49

ASIA 7; 33; 45; 63; 69

East Asia 63

Taiwan 63

South Asia

Bangladesh 69

India 45

Nepal 7

Pakistan 45

CENTRAL AND LATIN AMERICA 33; 36; 55; 56

Dominican Republic 55; 56

Ecuador 36; 56

The final classification is by type of literature:

Type of literature

Theoretical

2; 17; 25; 26; 40; 41; 42; 45; 48; 55; 66; 67; 68

Case study

10; 14; 19; 24; 25; 32; 33; 41; 43; 45; 49; 52; 53; 55; 59; 64; 65; 66; 67;
69; 71; 73; 75

Report

1; 9; 10; 21; 25; 34; 52; 54; 68; 73

Evaluation

8; 9; 27; 30; 32; 38; 39; 42; 50; 57; 58; 62; 70

General (this term is used for literature which is applicable to all institution-building situations.)

10; 11; 13; 16; 22; 23; 28; 29; 32; 33; 34; 35; 36; 39; 40; 41; 42; 43; 46;
48; 53; 54; 56; 57; 58; 59; 60; 61; 62; 63; 67; 70; 71; 74

Note

The term "institution building" does not appear as it applies to all of the literature reviewed.

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Institution Building

AS A DEVELOPMENT ASSISTANCE METHOD

A REVIEW OF LITERATURE AND IDEAS

Institution building is not a new idea in development cooperation. It has been an important component and objective of Third World aid programmes ever since they began to take form in the 1950s and 1960s. Institution building is currently very much in the fore, albeit with a much developed understanding of the concept and under a variety of labels, notably "capacity building".

There is still a great deal of basic disagreement and confusion: what is meant by institution building? What are we trying to achieve by this type of aid – beyond developing the effectiveness of a given organization? What are the external factors influencing progress? Where should we be focusing our attention? What can aid agencies do to become more effective?

This study attempts to summarize the state of knowledge about institution building in aid programmes, discusses the questions we should be asking ourselves in view of some of our major concerns, such as the "good governance" agenda, and suggests some conclusions and practical implications for aid agencies.

The paper concludes with a discussion of the problems, and what to look for, when evaluating institution building.

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