GOVERNANCE AND THE DESIGN OF
TECHNICAL ASSISTANCE FOR
INSTITUTIONAL DEVELOPMENT

by

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FOREWORD

The nature of governance, as well as the importance of identifying and dealing with its operational dimensions, are now a subject of considerable interest within the developing world and the international donor community. The latter has also been much concerned over the last decade with need to improve the delivery and effectiveness of technical assistance for institutional development (IDTA).

This paper is an attempt to explore the relationship between governance and IDTA and as such brings a new perspective to bear on both subjects. It stresses the need, in certain cases, to shift the debate about TA away from the instruments used to delivery it and back to the fundamental question of whether TA is viable. The paper thus argues that it may at times be necessary to restate the problem in the form of a new paradigm which takes account of governance factors. The paper also breaks new ground by exploring the dangers of persisting in the provision of IDTA in contexts where it may be inappropriate and even counterproductive for both donors and clients.

The paper therefore constitutes a useful contribution to the continuing debate on these fundamental questions.

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Introduction

In referring to the determinants of successful delivery of Institutional Development Technical Assistance (IDTA), recent World Bank publications on both governance and technical assistance underline that the planning of IDTA should be realistic and reflective of the borrower's responsiveness and willingness to change; the latter factors, in turn, depend to an important extent on the nature of governance and the degree of political legitimacy within countries.

The purpose of this paper is to explore the relationship between IDTA and governance, to assess in a preliminary way the potential risks posed to the implementation of IDTA by governance factors and to elaborate on the possible consequences of an inadequate assessment of such factors during the preparation of IDTA projects. The paper develops the implications of an important lesson which the World Bank and other donors have drawn from experience: although the opportunities for applying the tools of IDTA are frequent, it cannot be assumed that the conditions for successful IDTA exist. It also elaborates on the serious consequences for the donor and the client of pursuing IDTA where it is not advisable and tentatively suggests other options which may be explored in such circumstances.

The paper begins by outlining the lessons learned from the many evaluations of IDTA which have been prepared over the last decade and elaborates in particular on the importance of upstream institutional assessments for the design of effective interventions. Then the paper attempts to delve into one particularly important dimension of such assessments, namely the governance environment; in particular it stresses the importance of factoring in governance related variables when undertaking an assessment of the risks of IDTA.

IDTA: Its Characteristics and its Limits

It may be useful to repeat here the two basic meanings of the word institution: Institutions may be defined either in a narrow sense as organizations or agencies which perform specific functions or more broadly as rules which govern relationships. The latter have been defined by Davis and North as:


The institutional environment is the set of fundamental political, social and legal ground rules that establish the basis for production, exchange and distribution. Rules governing elections, property rights, and the right of contract are examples...

In relation to governance both notions of institution are pertinent: the institutional environment consists of those background conditions which affect the overall climate for public and private sector activity and interrelationships; the conditions which prevail within public organizations affect the mechanisms of governance.

TA is not necessarily targeted at institutional development (ID); when it is, however, it is now commonly referred to as IDTA and it is differentiated from the traditional substitution or gap-filling TA by a distinctive feature: it aims to establish and maintain the legal frameworks, laws, systems and organizations which ensure the production of goods and services rather than aiming to produce the latter itself. Thus IDTA advisors are meant to mobilize, train and catalyze others rather than to perform tasks and substitute for weak or absent counterparts. Their aim is to leave permanent and sustainable systems and functioning counterparts behind after the period of the intervention is over and to ensure that the various developmental activities which have been undertaken coalesce and are institutionalized.

The need to define better, plan and implement IDTA has emerged gradually over the last ten years as a subject of much study and considerable debate within the donor community, as the latter embarked increasingly into ambitious IDTA operations. At the World Bank, for example, the relative importance of IDTA grew quickly in the social sectors and in national economic management throughout the 1980s. According to Buyck, 1989, "within total TA lending the proportion that is ID-related has increased sharply, starting at around 52% in FY82 and reaching 72% in FY88". This debate stemmed from the growing concern that too often technical assistance provided explicitly to strengthen institutions had fallen short of this goal and in its failure had proven capable only of providing temporary substitution services. Often this disappointment resulted from the fact that the absorptive capacity of government agencies proved too weak to profit from the planned IDTA. The lessons of these failures and other more positive experiences have been distilled in various publications (see attached Bibliographical Note), including the Handbook, which are useful guides to the design of new technical assistance projects.

The rapid development of IDTA as a change agent is attributable to the increasing predominance of policy lending and the related attempt to rehabilitate planning and

management functions across a broad spectrum of core and sectoral government functions. This development entailed a much more ambitious agenda for TA than the traditional feasibility studies, engineering design and implementation of the physical aspects of projects. Within the education sector, for example, a review of projects from the early to the late 1980s shows a clear shift from an almost exclusive focus on infrastructure provision towards policy-based lending entailing sector-wide reforms. The latter are accompanied by the creation or strengthening of planning, monitoring and evaluation capacities and/or the wholesale reforms of sectoral structures and systems. Such projects, while found across many countries, tend to be most ambitious and wide ranging in the poorest countries and within systems which manifestly are badly equipped to manage change.

This increase in the degree and complexity of change to be introduced by TA and its use to build sustainable capacity resulted gradually in the currency of the term IDTA, in order to distinguish the latter from traditional substitution TA. The use of IDTA naturally tended to be most prevalent in those cases where existing systems were weak or non-existent; indeed often totally new functions and/or organizations had to be created. The increase in the use of IDTA during these years, therefore, implied an attempt to expand the scope and purpose to which TA instruments such as the use of advisors and training could be put. It is important to remember that during the 1970s TA had been largely used for narrower purposes in order to substitute for local deficiencies on a temporary basis - e.g. for project preparation - or to introduce into a functioning organization or system an incremental improvement by means of short-term advisory services or narrowly focused training. The development of these more ambitious undertakings - which also came to be known as "capacity-building" exercises - introduced a new and fundamentally more ambitious objective: the strengthening and creation of competencies, processes, legal relationships and organizations.

This increasing trend to use the modalities of TA for institution-building assumed that the instruments were capable of bringing about very ambitious ID goals. In the case of the education projects referred to above, for example, the use of TA was applied to a broad reform agenda across the sub-sectors of the education system; activities included the setting-up of new curriculum development units and teacher training institutes, sectoral planning divisions and systemic reforms at all levels of education.

Many studies of the effectiveness of TA over the years show that established agencies have a much better record at absorbing TA than weak ones, in part because the

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4/ See The Institutional Dimensions of Investment Lending: Education and Power Projects in FY87-88, by David W. Steedman. This paper was prepared as an input to the study by Buyck cited above.
The degree of change needed will tend to be incremental and to involve only a limited technical area. The shift to what one could term the expectation of a high degree of institutional change implicitly challenged, therefore, what was known about the chances of success of TA operations. The orchestration of initiatives like those in the education sector would be a daunting challenge for even a well-established ministry of education; yet these programs were introduced into technically and managerially weak educational systems. The countries involved often were characterized by a history of political and institutional instability which was bound to make the tasks of ID all the more daunting. During FY87-88, for example, the following countries accounted for all those projects which featured comprehensive sector-wide IDTA interventions: Mauritania, Guinea-Bissau, Burundi, Mozambique and Central African Republic. In short the most ambitious projects were developed within contexts with the least capacity to do justice to these ambitions.

The lessons of failure of overly ambitious interventions are articulated in the Handbook and elsewhere:

- reduce rather than expand the number of goals and components in such circumstances

- the more arduous the overall ID task, the less ambitious each individual package of reforms should be in order to maximize the chances of success and to build credibility in the possibility of change through a series of modest and realistic interventions.

- More ambitious IDTA programs should be restricted to functions and systems which are sufficiently established that they can absorb multiple reforms.

In short, the designers of IDTA must avoid setting goals which it cannot attain; in so doing they will be able to achieve more credible successes and to ensure that IDTA is assessed in terms of ambitions and objectives which it is able to meet rather than in terms of unrealistic agendas.

An important finding of these reviews is that many projects are prepared without sufficient institutional analysis and that thorough upstream institutional assessments are a prerequisite for determining the degree to which targeted institutional factors are amenable to improvement through the methods of IDTA. Such assessments should cover both internal opportunities for and constraints to change within government organizations and an analysis of the important contextual elements, including governance-related factors such as the degree of political legitimacy and related bureaucratic behavior.
In a well known analysis of the experience of the World Bank in the area of IDTA, Technical Assistance as a Delivery Mechanism for Institutional Development, it is stated that a perusal of evaluations of many projects indicated that the latter suffered from "insufficient or imprecise assessment of the Borrower's TA needs" and the following appears among the recommendations:

"The regions need to undertake institutional analysis at both the micro and macro levels: at the micro level this should include a review of the organization, staffing and operations of target institutions, an assessment of their capacity, and a diagnosis of their most serious constraints; at the macro level this should include an understanding of the external institutional and policy environment in which the institution operates, especially the planning, budgeting and decision-making mechanisms, linkages with other institutions, and resource constraints facing the country."

The record also shows that institutional problems related to the broad political and cultural context and therefore to governance, are sensitive issues; the Handbook, for example, while acknowledging the importance of these variables, cautions staff to "be particularly sensitive to these aspects when discussing ID strategies with borrowers."

The Governance Dimension

In its recent publication Governance. The World Bank's Experience, the Bank defines governance as "the manner in which power is exercised in the management of a country's economic and social resources for development"; it then goes on to identify three distinct aspects of governance: (i) the form of political regime; (ii) the process by which authority is exercised in the management of a country's economic and social resources for development and (iii) the capacity of governments to design, formulate and implement policies and discharge functions. The Bank's focus, including its attempts to reform institutions and their functions and systems through TA, has been on the second and third aspects, as the first one is outside the Bank's mandate.

Governance, like IDTA, has emerged in recent years as a topic in the academic and donor communities and the two subjects are closely related; indeed there is a growing

5/ See Buyck, op.cit., Chapter III.

tendency to view governance as a serious, if not the most important determinant of sustainable economic and financial systems and procedures, particularly within those countries where it has proven most difficult to implement IDTA effectively. Thus the Handbook states that while "IDTA centers on organizational and managerial aspects of public policies, ... they often reflect political and cultural characteristics and the resulting value systems."

It may be useful at this point to distinguish governance as defined above from the need for good government; the latter concept tends to be used in contexts within the institutional development literature where it is felt that incremental qualitative changes are possible within technically weak management systems through the provision of advisory services and training. The concept of governance may be distinguished from government in that the former refers to fundamental questions of the distribution and use of power and resources within the overall socio-economic context, variables which in turn help to shape the nature of governments and their receptivity to technocratically induced change.

An institutional assessment needs to encompass elements of this wider political and economic environment. Furthermore, analysis and judgments concerning the nature of this environment and the constraints and opportunities it affords may prove to be a determining factor for the design of an IDTA project and may even lead to the conclusion that IDTA is not feasible in certain circumstances. This may be especially the case in contexts where a difficult organizational environment (e.g. blurred lines of authority and responsibility, unclear mandates and unpredictable processes and procedures) and weak governance (e.g. unclear or unenforceable property rights, the abuse of authority to circumvent accounting and procurement procedures) coexist. The Handbook repeats several times that the conditions for successful IDTA do not always exist and that in such cases the Bank should even consider abandoning attempts to provide TA.7

The widespread debate over the nature of governance has also raised the question of how to operationalize the growing awareness of this factor. Should these concerns be reflected in a form of conditionality (e.g. enactment of a new commercial code, judicial reforms, the privatization of public enterprises) or should self-standing projects be developed in order to strengthen governance related institutions or mechanisms? (e.g. legal and judicial reform; the development of an informed and competent press). The increasing attention being paid to military spending, corruption and human rights abuses as both cause and effect of arrested development efforts, as seen in numerous articles, public pronouncements and conferences, is also a manifestation of the increasing pressures on the international donor community to address governance issues.

7/ See, for example, page. 36.
In its 1992 publication, Governance and Development, the World Bank draws a clear link between governance and public sector management. It emphasizes that accountability for economic and financial management and a transparent and predictable framework for the conduct of public and private business are important indicators of governance and essential prerequisites for development. In the absence of these indicators, it may be impossible to create and sustain the technical procedures and systems needed to manage the core public sector and which are all commonly found components of IDTA operations: financial and economic management systems, including debt management, public investment programming, macro-economic analysis and policy-making.

The degree of commitment to improving and exploiting technical systems in these areas is a reflection of the prevailing governance (defined as the way in which power is exercised in the management of resources) climate. In any context, therefore, where economic and financial management have not traditionally constituted a priority concern of government, it is crucial to determine the extent to which this neglect is related to factors within the governance context. An analysis of these factors is a prerequisite to the development and design of a realistic and implementable IDTA operation. For the governance environment will influence the success or failure of the IDTA operation; either the intervention will improve the systems designed to enhance financial and economic management and thereby reinforce positive trends or it will fail to achieve its goals in situations where a persistent lack of accountability and transparency are the norm.

Although the recognition of the importance of governance has increased in the donor community in recent years - see the Handbook, for example, and recent publications by various multilateral and bilateral agencies - the profound implications for development of endemic bad governance, as addressed, for example, in research in political science and in the new institutional economics, are just beginning to be realized among practitioners in the development community. The principal reaction among donor agency staff studying the failure of technical assistance to sustain viable systems of economic and financial management within many of the least developed countries, has been to emphasize the need for better design, implementation and supervision of IDTA operations rather than to ponder the implications of governance as a determining influence on the success or failure of such endeavors. Although reference is often made to the need for a thorough analysis of the governance environment, this is interpreted largely as a better understanding of the generic constraints of the civil service or of other functional manifestations of core management weaknesses, rather than as an inherent characteristic of the use or abuse of power and resources. As a result, the published record of project development has traditionally tended to downplay weaknesses in these areas perceived by those responsible for developing the project and to highlight the expected achievements of the project and the design of the inputs. In other cases, institutional issues are simply noted and left to those responsible for implementing the project to define and tackle. It was partly to overcome this neglect of the institutional dimension that the Bank and other donors have become much more stringent in
insisting that the project design take account of institutional problems on the basis of a coherent analysis done during identification.

Yet if we are to make headway in this area and to shape realistic technical assistance interventions, then we need to acknowledge and reflect upon the real implications of the quality of governance within individual countries. Although in many developing countries the bureaucratic trappings of the Western state, themselves the product of centuries of diverse socio-political and economic forces, have been adapted by nascent polities, their corresponding societies have proven remarkably resilient to the forces of fundamental transformation. Typical of such states are many in Africa, where the political transition from colonialism failed to lead to either democracy or economic development and resulted in a type of patrimonialism manifested through personal rule and clientelism. In order to satisfy internal political imperatives, such governments practice bureaucratic behavior which is the antithesis of the legal-rational, management practices which these very same governments and donors are committed to develop.

Similar bureaucratic conditions also characterize regimes elsewhere - in Asia, Nepal and PNG are examples. Writing of the former Soviet Union, Lamb recalls North’s emphasis on "path dependence" and states that there is "no reason to think that the trajectory of political and economic change in the transition countries will involve accelerated arrival at a sort of post-historical pluralism" and argues that the political fragmentation of these countries does not augur well for the creation of new polities based on the "civic nation-state model".

In these cases the weakness of administrative capacity is a phenomenon inherent in the roots of its political system. The rapid post-independence deterioration of many public services in the face of socially embedded political pressures has been well documented: see for example the extensive political science analysis and documentation of the perverse effects


of patrimonialism: the growth of systemic corruption, the neglect of standard bureaucratic functions in the face of extensive rent-seeking throughout the public sector.

It is important to stress the growing consensus among political economists that it is very unlikely that such conditions will be eliminated in the short term. As the World Bank's 1992 report, *Governance and Development* says10: "governance is not necessarily unidirectional and does not automatically improve over time". Similarly the new institutional economics stresses that as institutions evolve they do not necessarily reach efficient equilibria and that the persistence of social practices which impede progress and encourage irrational collective behavior can result in very different historical developments between societies which may be similar in other respects. Thus Putnam, in summing up the lessons learned in his study of the history and determinants of the differences in the development of northern and southern Italy11, emphasizes the key role that social capital (defined as norms of trust, collaboration, civic engagement, reciprocity and collective well-being) played in the development of the North and how its absence may account for the continuing stagnation of the South:

Where norms and networks of civic engagement are lacking, the outlook for collective action appears bleak ... for political stability, for government effectiveness and even for economic progress social capital may be even more important than physical or human capital ... without norms of reciprocity and networks of civic engagement, the Hobbesian outcome of the Mezzogiorno - amoral familism, clientelism, lawlessness, ineffective government and economic stagnation - seems likelier than successful democratization and economic development.

If we turn from the academic literature back to the operational assessments of technical assistance12, there is plenty of evidence to show that projects have often failed because of unrealistic expectations which ignored the implications of such powerful contextual factors. A more realistic focus on the nature of the governance problem within the historical perspective of a country may lead us to conclude that the inherent contextual

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12/ See, for example, Buyck, op.cit., and the report of the World Bank's Portfolio Management Task Force, *Effective Implementation: Key to Development Impact*. 
barriers to governance are so strong that some or all of the systems of economic and financial management may not be amenable to improvement through the use of TA. It follows then that such contexts should be distinguished from others which are subject to across the board improvement and may be treated accordingly.

**IDTA: Assessing the Risks and Alternatives**

In dealing with governments in circumstances where there are serious management and technical weaknesses and where the governance environment constitutes a significant constraint to institutional development, donors may nevertheless feel obliged to mount hasty IDTA operations in the face of urgent economic and financial problems and a desperate need for assistance. Yet one must remember an important lesson of experience: that where ID is most needed, it is hardest to bring about. The temptation will inevitably be great to implement wide ranging institutional reforms across whole sectors or sets of functions in such circumstances; all the more reason to resist it.

In responding to the plight of such countries the staff of the donor agency bears a particularly heavy burden precisely because of the technical weakness of their counterparts and their political vulnerability in a crisis situation. Consider, for example, the negotiation and implementation of projects with technically weak governments: the donor prepares the legal covenant based on the technical requirements and specifications drawn up by its own staff; the donor also has the resources and the legal prerogative of withholding project funds under specific circumstances. The relationship is unequal and the greater the donor's preponderance in the relationship the more it is incumbent upon it to behave in a responsible and accountable fashion. Yet there are strong internal and external pressures on any donor (e.g., from other parts of the international community, elements within the agency, and from the government in question) quickly to develop projects with large institutional components and to commit and disburse the resources as soon as possible. Agencies are often tempted by the force of these pressures not to follow objective criteria and to advocate the use of an IDTA intervention which is inappropriate in the circumstances and where often the historical record of past failures would not justify such action.

There is also an inherent danger that frustration with lack of progress combined with the pressure to provide resources may mislead donor agencies into looking for quick technical fixes which will make TA approaches more effective. The recent trend to cut back on the use of long-term advisors, for example, as a result of strong criticism of this modality, may be an overly hasty response. It has been demonstrated that, in the right circumstances and where receptive, qualified counterparts are available, long-term advisory services can be a very useful IDTA instrument. Indeed the current reluctance in certain donor circles to admit the value of long-term advisors is accompanied by more than a little
hypocrisy: observers are fast to condemn the use of advisors where it is deemed to have failed, as in much of Africa. Where it succeeds in training and transferring technology, as in certain African cases and in many cases in South East Asia (cf. its successful use over the last 20 years within the Malaysian civil service), its role is rarely mentioned in the general euphoria over rapid economic growth.

The point of course is that the high level of political and economic stability of countries like Malaysia created conditions which were conducive to the productive use of resources for TA and training, just as the opposite has been true in many other less stable countries; these overall conditions, not the inherently effective or ineffective nature of any particular TA instrument, were the basic determinant of this success.

If a TA modality has failed, then the reason may not lie in its inherent ineffectiveness but rather in other factors which are beyond the control of the technical expert and his counterparts. In a recent Technical Note, Steve Berkman of the World Bank argues that "a true analysis of the public sector work environment is ... apt to show that the real problems of productivity and efficiency lie with the many constraints that are beyond the control of the ... technician or skilled worker, and that these problems cannot be solved through technical assistance and/or training." Donor agencies tend to concentrate on project design and inputs as if they were the only independent variables upon which success or failure depends, rather than to listen to the lessons of experience which clearly show that many variables are at play within the governments of developing countries and at times some of these are not amenable to technocratic solutions such as knowledge transfer and training.

A related problem is that the staff of the donor agency will be led to downplay the risks of a TA venture and to present it in quite a different light from the reality on the ground. In this regard, it is essential to bear in mind that the effort to improve TA design and delivery has, as the Handbook clearly states, definite limits and that producing a project document which meets all the criteria of good design of inputs is meaningless if the proposed program is not embodied in reality. In a recent paper on quality issues in World Bank operations, R. Piciotto has described the need to shift from a "quality assurance system geared to the professional rigor and conceptual elegance of the report (the product) toward a relentless focus on the engineering of... processes through which development impact is expected".


One must not underestimate the pressures which may result in the design of unrealistic responses and the serious consequences of such initiatives. If IDTA is developed where it is not justified, then the results may seriously undermine the legitimacy of the donor in the eyes of the recipient, since those very same standards of accountability which the donor is striving to implant within the clients' economic and financial management culture and systems are shown to be lacking within the agency itself. Such is the case, for example, if a donor persists in developing a third or fourth TA operation where the previous ones have failed to bring about institutional change because a government has proven unable or unwilling to improve key accountability mechanisms or to introduce organizational changes to streamline accounting or payment procedures and thus remove incentives for corruption.

Once recipients realize that the donor is not holding itself accountable to its own standards, then the relationship between the two risks degenerating into one based on cynicism and expediency rather than on mutual accountability for the use of resources. Donor staff and national officials may in effect collude in an attempt to ensure that the project is approved and the resources disbursed, even though both realize that the conditions within the country which led to previous failures have not changed; yet both have their own motivations for ensuring that the money is spent. The risks of persisting in the provision of IDTA where it is not warranted, therefore, go beyond those of project failure and impinge upon the viability and the credibility of the relationship between the partners. Such actions undermine the rules which determine the identification and implementation of projects and the norms of governance which prevail in the relationship between the donor and the recipients. For if the negotiation of aid is not grounded in reality, then obviously time and resources will be wasted in raising and then dashing what are in effect illegitimate expectations.

Assessing Governance: Operational Implications

First, there is a need to examine country specific governance variables in order to assess, as evidenced by the current progress of TA projects and by past successes or failures, what levels of risk are associated with them. In these cases a litmus test is needed in order to distinguish which sectors and functions are amenable to the instruments of IDTA and which are not. The analysis should differ from the usual preparatory work in that it should first examine the governance environment before looking at sector specific issues. Such an approach should then lead to a realistic assessment of the effective demand for change and improvement, as well as to a determination of what would constitute a workable program of assistance, if any. The assessment should be derived from the overall institutional realities with which aid initiatives must grapple rather than from the more limited perspective of sectoral policy analysis. The institutional analysis should be firmly rooted in the history of the country and its experience with aid over the preceding decades
and in the lessons of past failures; it needs to be embedded in the reality of the socio-political, legal and bureaucratic contexts. The methods of analysis must be designed so as to lead to a detailed, qualitative understanding of the environment in terms of the local norms of values, attitudes and behaviors.

Then this particularistic local contextual knowledge must be analyzed on its own terms with the full participation of nationals, using methods and a discourse which do not, a priori, prejudice any possible operational conclusion. The analysis should permit the identification: (i) of all the generic governance variables, (ii) of those which manifest troubling symptoms and could present obstacles to reform and (iii) of areas where there the governance situation is either positive and capable of enabling reform or at least neutral. A concrete example of such an approach was carried out by World Bank staff in Cape Verde and looked at issues such as "public accountability, the patrimonial role of the state, equity in resource mobilization, and the rule of law."15

The next step is to determine the correct response. It may be decided, as was indeed the case in Cape Verde, that governance problems do not constitute a serious threat to the mounting of an IDTA operation in a particular area. Or it may be judged, for example, that financial accountability is so weak that certain deficiencies simply cannot be addressed directly through the provision of TA intended to develop national capacity: e.g., non-transparent procurement procedures, fraudulent management of payment procedures, deliberate abuse of the privileges of their office by customs officers.

In certain areas of economic and financial management the provision of TA may prove particularly sensitive because the mismanagement of such functions (e.g. procurement and debt management) is itself a reflection and an embodiment of the prevailing governance conditions. In addition donors are anxious to improve these systems in order to meet their own objective of disbursing their resources effectively. Yet for the clients the pressure to address these problems may constitute a threat to the status quo and the resolution of these technical issues may prove much more than a technical question: indeed the coherent and sustained development of rational systems of budgeting or public investment programming or procurement, each with its own logic and transparency requirements, may constitute a fundamental threat to the survival of core indigenous practices. As stated in the Handbook:

... furthermore, to equate solely the strengthening of institutions with ID is insufficient as well as misleading. Donors may strengthen the organizational capacity of the treasury to manage the public debt, but unless the values of fiscal responsibility become normative among political and bureaucratic elites, through changes in governance, ID will fail.

Special caution must be exercised, therefore, before deciding to mount a project for the improvement of systems whose viability is threatened by factors embedded in the local environment rather than simply by technical weaknesses. If the conditions of governance are deemed serious threats to the successful undertaking of IDTA, then the use of any of the latter's instruments to attack the very same governance problems head-on may prove very risky. Indeed experience in countries which face difficult environments in this regard would seem to indicate that the greater the constraints posed by governance related factors, the less likely it is that attempts to reform the systems of the latter (e.g., weak and ineffective legal systems or procurement procedures) will succeed. Severe governance situations probably require that aid be scaled back across the board and restricted to less sensitive areas where it may be determined that progress is feasible.

There are, of course, other situations where the circumstances will indicate that TA and training in areas closely related to governance will have a positive impact; thus projects are currently being implemented in the areas of legislative reform in Chile, and judicial reform in Venezuela. 16

There are other choices, however, than simply refusing to deal with technical weaknesses which are inextricably linked to governance problems, and these options have been applied in various countries in different regions. It may be decided, for example, to restrict IDTA to sectors and functions which are not sensitive in terms of governance. If, for example, a country is exceedingly short on basic economic and financial management skills, then the creation of a training center for the private and public sectors may be worthwhile as an investment in human capital over the long run, even if it is recognized that in the short run these skills may not be fully exploited. The essential point is that objectives and expectations may have to be scaled back to suit local circumstances and in recognition of the need to be modest and to take a long-term perspective on institutional change.

Another option is the use of technical assistance staff in an overtly substitution mode, in either advisory or line positions; this is often necessary during the initial phases of a transition from a command to a market economy or in cases of national reconstruction - cf.

16/ See Governance. The World Bank's Experience, Box 1.8 on "Legislative and Judicial Reform in Latin America: New Areas of World Bank Involvement".
the present substitution TA efforts in Cambodia. The fact is that technical and governance constraints may make this the best course in certain circumstances; used in the right way at critical pressure points within a system, substitution TA in line positions may even facilitate capacity-building in less sensitive areas. The presence of long-term foreign advisors in the Ministry of Finance in Indonesia over several decades was instrumental in ensuring the macro-economic stability which fostered rapid and sustained growth. In the same country, a foreign firm (SGS) was brought in the mid 1980s to run the customs service for several years. The current fashion of discouraging such approaches a priori as undesirable is not realistic; it contradicts a basic lesson of experience which is central to the design and management of TA: fashion it to fit the particularities of the local demand.

Conclusion

This paper has attempted to clarify the importance of assessing governance factors before designing IDTA and has elaborated on the serious implications for both donors and clients of neglecting to do so; it has also described how, by carefully analyzing the constraints of the national environment, it may be possible to the identify realistic goals tailored to local demand and capacity.
Bibliographical Note

The following items were found especially useful in the preparation of this paper.

Position Paper on Improving Civil Service Efficiency in Sub-Saharan Africa, issued in April 1993, by Mamadou Dia. This report addresses, among other subjects: the limits to existing approaches; the corrosive and debilitating effects of patrimonialism on the capacity of the administrative apparatus and on the rule of law; a description of the resulting lack of legitimacy of the state and its administration. The ideas presented in the reform package section of the report constitute an interesting review of some of the more successful initiatives of the World Bank undertaken in circumstances where the governance context was amenable to such interventions (cf. legislative reform in Chile; legal reform in Venezuela). This work has been followed by a sustained attempt led by Rogerio Pinto to identify, as part of upstream project development, participatory methods to assess the institutional and governance dimensions of country environments. See his (forthcoming) Projectizing the Governance Approach to Civil Service Reform. An Institutional Environment Assessment for a Secal Preparation in the Gambia.

Handbook on Technical Assistance, Operations Policy Department, the World Bank

In describing how best to design and organize TA, the authors summarize such lessons as; the need for clear objectives and a rational design tailored to local absorptive capacity; the definition of qualitative and quantitative outputs; the importance of up-stream sector work and institutional analysis; how best to ensure borrower commitment; and many other detailed recommendations in the same vein. While the thrust of this document is on the nuts and bolts of how to do it, the text does, on several occasions, raise the issue of whether IDTA may be appropriate at all in certain circumstances.

Rethinking Technical Cooperation. Reforms for Capacity Building In Africa. (UNDP, 1993), focuses on the delivery system problems of IDTA, on the management deficiencies and on the failure of the privileged delivery vehicle, the long-term technical expert; it also addresses the issue of difficult work environments. The explicit assumption of the book is that these thorny problems can be worked out and overcome by reducing the importance of long-term experts and by restricting the role of the public sector and thus the scope and need for IDTA within it. The conclusion is based on a governance related assumption: "that over the medium term - 10 to 15 years - public sectors are almost sure to remain in fiscal duress and work incentives are highly likely to remain inadequate". Despite the last statement, however, the general thrust of the book is that these difficulties are essentially delivery problems which can be addressed by paying greater attention to management, enhancing country commitment and moving away from the heavy reliance on long-term expatriate advisors.
Cape Verde. Assessment of the Environment for Civil Service Reform

This assessment, done as part of analytical work by Bank staff, includes a very useful governance matrix as applied to the situation in Cape Verde. It is an interesting example of the sort of upstream work on governance which is a prerequisite to identifying how to orchestrate appropriate interventions.

Technical Assistance as a Delivery Mechanism for Institutional Development. A Review of Issues and Lessons of Bank Experience

This Working Paper was prepared for the World Bank’s Conference on Institutional Development, December 1989. It is a very thorough and useful analysis and summary of the collective wisdom on the subject.

The Quality Dimension of Bank Operations

This work by R. Piciotto emphasizes the need for design to balance the ambitions of the ID agenda against the domestic capacity constraints which prevail in particular instances. Annex 2 on Institutional Economics and Quality is particularly pertinent to the subject of this paper.