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Designing Technical Assistance Projects: Lessons from Ghana and Uganda

Technical assistance (TA) success stories are hard to find, especially in countries emerging from long periods of internal strife. Ironically, these are the countries most in need of technical assistance, yet least able to use it effectively. Years of political turmoil have weakened their public administration, leaving them with little institutional capacity to absorb such assistance. Often they are weighed down by an institutional culture steeped in patronage and rent-seeking, creating an environment ill suited to viable institutional development.

Experience from World Bank-supported TA projects in two African countries—one a relative success in Uganda and the other a relative failure in Ghana—bring to light the essential requirements for designing and implementing successful TA projects in countries with weak or nonfunctioning government infrastructures. The lessons, captured in two OED audits, focus on four points: (1) the importance of an enabling institutional environment conducive to technical assistance; (2) borrower commitment, strengthened by the support of a powerful decision-maker who is willing to become the project's advocate; (3) a flexible "process" project design tempered by strong, disciplined project management; and (4) careful Bank supervision by staff with substantial field and country experience.*

Background

Both Ghana and Uganda had suffered through almost two decades of political turmoil and economic decline. By the early- to mid-1980s, the economies of both countries had collapsed, the countries' physical infrastructures were in disarray, and the institutions and government services were nonfunctioning. Within a few years of each other, both countries experienced a change in government. In both cases, the new governments, emboldened by a broad consensus for change, initiated far-reaching economic reforms.

In 1983, the *Ghanaian government* launched the Economic Recovery Program (ERP). Soon after, both the government and the Bank became convinced that Ghana's weak economic management institutions, insufficient policy analysis capabilities, and shortages of qualified experts were serious constraints on the government's capacity to implement the reform program. The Structural Adjustment Institutional Support (SAIS) Project was initiated in an effort to reform public sector management in support of the ERP. The project was designed to complement the Bank's first structural adjustment credit to Ghana.

Real change came to *Uganda* in 1986, with the new government of Yoweri Museveni. After a brief attempt at a statist approach, the government in 1987 reversed course, launching reforms to stabilize and liberalize the economy. Technical Assistance (TA) III was initiated to complement the reform efforts. But with Uganda still suffering from the effects of years of civil strife, conditions at the start of TA III were far worse than those in Ghana.

Project goals

Ghana's $10.8 million SAIS credit project was approved by the Bank in 1987 and closed in 1993. *Uganda's* $18 million TA III project, approved in 1988 and closed in 1994, was one of a series of five free-standing TA operations mounted by the Bank between 1980 and 1995. But only in the second half of TA II (approved in 1983 and closed in 1992) did the institutional environment become conducive to reform.

The central objectives of the SAIS project in Ghana and TA III in Uganda were the same: (1) to help ministries of finance and planning and, in Uganda, the central bank de-

Performance audit reports. "Ghana: Structural Adjustment Institutional Support Project," Report No. 13262, June 1994, and "Uganda: Second and Third Technical Assistance Projects," Report No. 14706, June 1995. Performance audit reports are available to Bank executive directors and staff from the Internal Documents Unit and from Regional Information Services Centers.

Box 1: Major project goals

Policy unit

- *Ghana*: Create a policy advisory unit in the Ministry of Finance and Economic Planning (MFEP); create an economic liaison unit in the office of the head of state.
- *Uganda*: Strengthen the Economic Advisory Unit established under TA II; strengthen policy analysis in the Agricultural Secretariat under the Bank of Uganda. (The UN Food and Agriculture Organization executed TA III's component to strengthen agricultural policy analysis in the Agricultural Secretariat.)

Financial management

- *Ghana*: Strengthen the capacity of the Ministry of Finance and Economic Planning to manage public investment programming, budgeting, expenditure forecasting and control, revenue collection, debt management, and aid coordination.
- *Uganda*: Improve the Ministry of Finance's budgetary management and expenditure control; restore government accounts; improve Bank of Uganda's external debt and financial management.

Civil service reform

- *Ghana*: Execute staffing, functional, and salary reviews of the civil service; establish a sound administrative and personnel management system; design a program and framework for cofinancing redeployment activities. (See Box 2.)
- *Uganda*: Help the Ministry of Public Service and Cabinet Affairs prepare and implement a comprehensive civil service reform program.

Research and advisory services/ statistics capacity building

- *Ghana*: Carry out studies and provide advisory services in support of critical structural adjustment tasks, where possible by mobilizing skilled Ghanaians from outside the public service. (This component became known as the Skills Mobilization Scheme.) Carry out a living standards measurement survey.
- *Uganda*: Strengthen the capacity of the Statistics Department.

sign and implement a progression of economic reforms (short-term goal) and (2) to strengthen the institutional systems and capacities of the agencies themselves (long-term institutional development goal). (See Box 1.)

Findings

OED found the objectives of both projects to have been highly relevant and timely. Moreover, the projects were designed and implemented in countries with similar backgrounds and in support of similar economic reforms. But Ghana's SAIS project, despite the country's better environment, largely failed to achieve many of its important objectives, whereas Uganda's TA III project largely succeeded. The reasons for the different project outcomes provide the main lessons of the OED audits.

Outcomes

Although SAIS had some success in reforming Ghana's National Revenue Service (see Box 3), it was unable to get its major institutional development components off the ground. It failed, for example, to implement the Skills Mobilization Scheme or to create the economic liaison unit. Both components were soon abandoned. Moreover, attempts to strengthen the economic policy unit proceeded only haltingly. Monies "freed up" from those components were largely diverted to low-priority uses such as purchase of vehicles. At project completion, nearly 70 percent of project funds had been spent on equipment compared with the 31 percent planned at appraisal.

In contrast, TA III's contribution to Uganda's economic reforms and long-

Box 2: Highlights of ODA's 1993 evaluation of Ghana's SAIS civil service component

The UK Overseas Development Administration (ODA) financed and provided the aid management for the civil service component of the SAIS project. Its major findings are as follows:

- *Overall conclusion.* The project was partially successful. Many components took considerably longer than planned and many reforms have yet to be implemented.
- *Ownership:* Reforms were essentially externally driven and lacked the full commitment of senior members of the Ghanaian civil service. Project design gave little consideration to Ghana's history of the civil service and the country's political and cultural context.
- *Gross and net retrenchment*: A freeze on recruitment was ineffective. The substantial gross reduction in the civil service workforce (involving compensation payments) was largely offset by new recruitment.
- *Selected lessons:* (1) A more strategic and long-term approach is needed for civil service reform (2) Conditionality should cover the overall size of the public sector and wage bill, as well as recruitment. (3) Project design needs to take into consideration the social dimensions of civil service reform (traditional authority structures, family loyalties, gender). (4) Emphasis needs to be on implementation and ownership, rather than on the provision of consultancy studies. And (5) precise, quantifiable targets are needed.

term institutional development was substantial. Although the project made little progress in strengthening the Ministry of Finance's budgetary and financial management system, it succeeded in most of its other institutional development efforts. Among its achievements:

- Helping the central bank, whose accounting and debt management systems had collapsed, reestablish both, including developing an inventory of Uganda's debt. An immediate benefit of this effort was enabling Uganda to initiate Africa's first debt buy-back arrangement.

- Assisting the Economic Analysis Unit (EAU), created under TA II, to become a highly competent island of excellence within Uganda's poorly functioning civil service bureaucracy. Payments from project funds enabled EAU to offer substantial salary supplements to staff the unit exclusively with Ugandans. The unit was later merged into the combined Ministry of Finance and Ministry of Planning and Economic Development. Although the supplementary payments were necessary to attract Ugandan experts, the practice proved problematic because of tensions created by the dual benefit system.

- Helping establish the basis for comprehensive civil service reforms, including a 50 percent reduction in the size of the service between 1991 and 1994.

- Carrying out agricultural studies and policy analysis for the Agricultural Secretariat. These efforts helped convince the government to liberalize the coffee sector and strengthened the government's move to a more market-oriented strategy.

One important reason for the relative success of TA III was that many of the project's potential weaknesses had already been identified in TA II and addressed in the design and implementation of TA III. Other key factors were the high level of government ownership, strong project management, and close Bank supervision.

Approach

In both Ghana and Uganda, project designers realized that they could not predict the form and timing of every contingency that might arise. They thus rightly adopted a flexible project design that incorporated both "blueprint" and "process" elements, with emphasis on the latter (see Box 4).

As a result of the process approach, several components in both SAIS and TA III were left under- designed at appraisal. In TA III, for example, a sizable component was devoted to "special advisory services for the economic reform program." This component allowed the project to finance studies, activities, and other inputs as the need arose.

A positive feature of the process approach in both countries was the introduction of the annual work plan, which served as a combination planning, implementation, and monitoring tool to ensure adjustment of project activities to changing circumstances. In Uganda, the approach worked well, but in Ghana, it became a liability, primarily because of poor project management and weak Bank supervision.

Management

For the process approach to work, it needs strong project management. In Uganda, the risks associated with the process approach were recognized and procedures were gradually developed to ensure that activities funded through the project were consistent with national priorities. By the time TA III was initiated, the project management unit had acquired substantial experience through its association with TA II. This continuity helped strengthen project management.

In contrast, one of the major weaknesses of SAIS was its lax project management, which allowed some of the project to be highjacked by rent-seekers. When funds from project components became available for other activities, project managers faced considerable pressure to allow the funds to be used for equipment and travel abroad. Often, the requests were barely related to SAIS activities. Instead of resisting such pressures, the Ghanaian project managers tended to comply and the Bank supervisors tended to be permissive. Poor record-keeping, inadequate monitoring, and lack of performance indicators further weakened management and supervision.

Ownership

The governments of Ghana and Uganda actively participated in defining the policy reform objectives and were committed to implementing the economic reforms. But commitment to institutional reform, including reform of the civil service,

Box 3: Ghana's National Revenue Service: a reform enclave?

One of the more successful components of the SAIS project was its support of the National Revenue Service (NRS), the agency responsible for customs and internal revenue assessments. Organizational changes, including improved remuneration and work conditions, led to notable improvements in efficiency within NRS. Several factors explain the component's success:

- Good management—an outstanding leader at the top.
- Management autonomy—notably in setting salary levels and in being able to use a share of tax collections for agency spending.
- A better incentive framework for employees. Base salaries were comparable to those in the civil service, but allowances (in cash and in kind) were much higher. External training was made available as an incentive device.
- Better working conditions.
- Selective recruitment to replace incompetent and unmotivated employees.
- Effective use of information-processing technologies.

Box 4: Blueprint versus process design

The "blueprint" approach defines set objectives and specific components for achieving objectives, requires firm cost estimates (including contingencies), and sets a predetermined timeframe.

The "process" approach offers more flexibility in its choice of objectives, means, and priorities. It is deliberately designed to build and maintain ownership among participants, to emphasize learning and capacity building, and to cope with changes in the operating environment. While the blueprint approach is often preferred for projects involving large physical investments, the process approach has proven more suitable for those involving institutional development.

was higher in Uganda. TA III was championed and overseen by the top officials in the Ministry of Finance and Economic Planning, who knew what they wanted from the project and worked actively to promote it.

Bank performance

The Bank had an important role in defining the projects' highly relevant objectives and in introducing the process approach that characterized the projects' design. In Uganda, Bank supervision was intensive, of high quality, and geared to a practical, results-oriented management approach. Moreover, the continuity and cohesiveness of the Bank's country team helped strengthen project implementation, adding further discipline to the process approach.

Bank supervision of the SAIS project, although substantial in quantity, was poor in several areas: it was too permissive, lacked formal review of the project's development effectiveness, and lacked Bank management attention. It was therefore unable to identify and confront demands to transfer project funds from true institutional development activities to equipment purchases. A set of performance indicators could have helped the Bank identify project deviations early on, but none had been established.

Lessons

- The more unsettled a country's institutional environment, the greater the need for a flexible, process-oriented project design.

- A flexible project design demands strong project management. The main challenge in TA operations in countries emerging from serious governance crisis is establishing disciplined project management to ensure constant reassessment of issues and progress toward long-term objectives. The main lesson of TA III is that "management matters most."

- There are no substitutes for ownership on the borrower's side and in-depth country knowledge and careful supervision on the Bank's side. Borrower ownership of institutional development objectives must be established before appraisal, including commitment to civil service reform. Moreover, experienced staff with substantial field and supervision experience should be assigned to appraise and supervise TA projects supporting institutional development.

- When government commitment is backed by the support of a high-level project advocate, the likelihood of the project's success increases markedly.

- Continuity and cohesiveness of the Bank's country team and the borrower's project management team enhance learning and mutual trust, increasing prospects for the project's success.

- Under the right conditions, foreign long-term (or "coming and going") advisers can be effective in helping strengthen institutional capacity without creating excessive dependency (see Box 5). But when management and supervision are weak, no modality will work.

- In highly aid-dependent countries, such as Ghana and Uganda, care must be taken to minimize donor-created distortions in local incentive structures and budgetary processes. Such distortions can be especially severe when donors pay varying salary supplements to civil servants and compete with each other to recruit skilled employees.

Box 5: Innovative use of foreign consultants in TA III

One method successfully used in Uganda's central bank is the "coming and going of outside experts." An expatriate technical adviser spends an initial period in the country becoming acquainted with the local environment and the nature of the problems to be addressed. During this time, the first steps are taken in putting in place the new system and procedures. Training of local staff begins and work plans are agreed on. The consultant then leaves, but visits at regular intervals to help solve problems and monitor progress.

The method avoided the risk of drawing the expatriate experts too much into operational assignments and put pressure on national counterparts to take responsibility for carrying out the unit's functions. At the same time, it kept in place a support system and made the training provided during the visits focused and cost-effective.

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