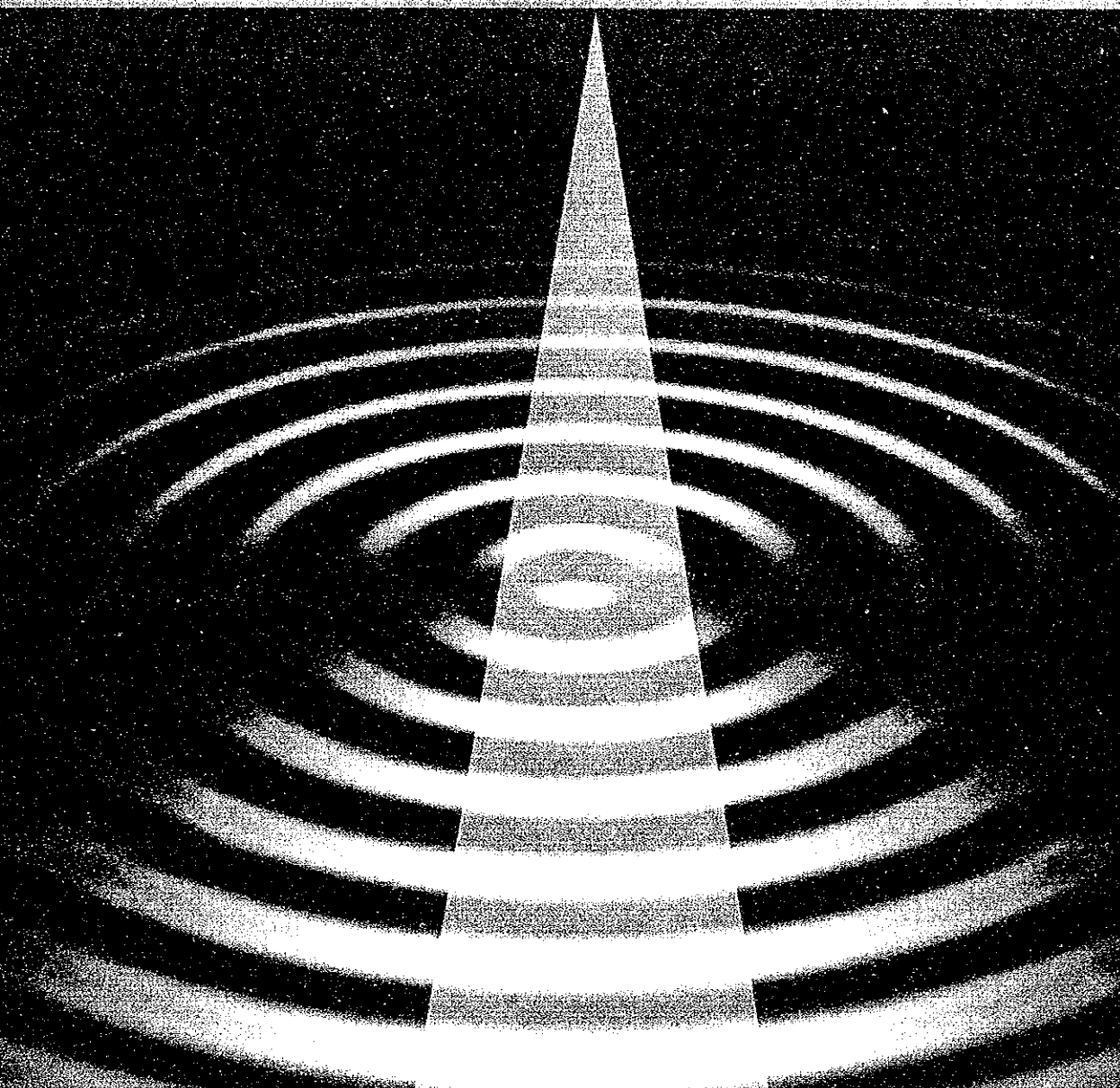


Sharing Experiences of Technical Cooperation Institutional Development in Asia



17-18 December, 1992

Ministry of Foreign Affairs

Japan International Cooperation Agency (JICA)

Foundation for Advanced Studies on International Development (FASID)

I I C

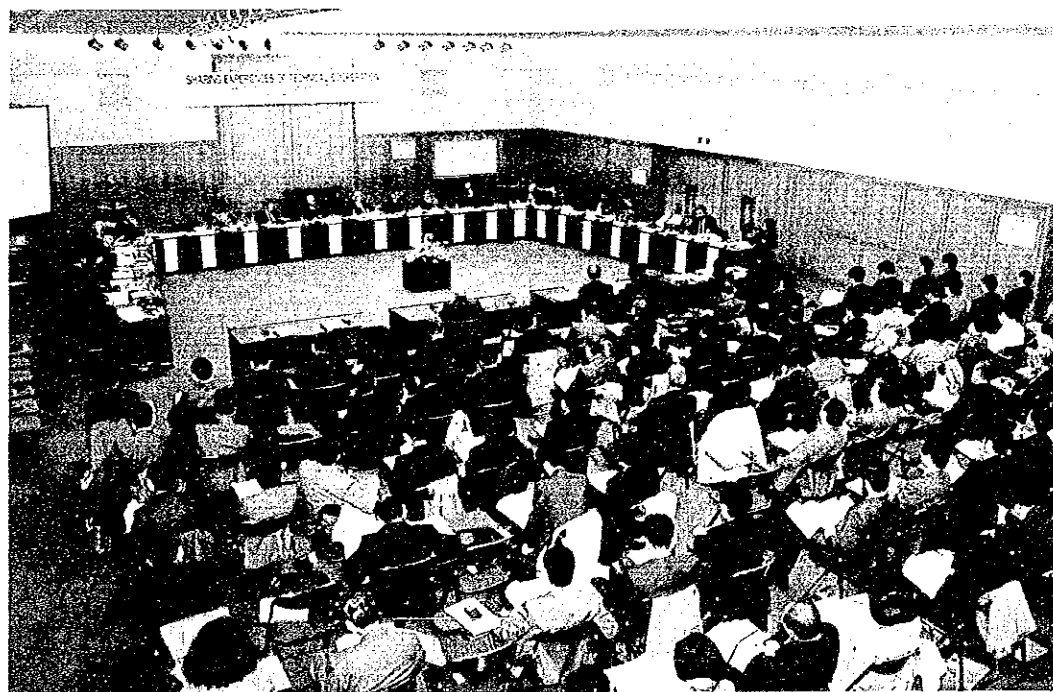
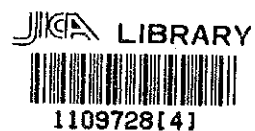
J R

9 3 - 6 0

International Symposium on Sharing Experiences of Technical Cooperation —Institutional Development in Asia—



Panelists and Organizers



Symposium in Progress

FOREWORD

The Japan International Cooperation Agency and the Foundation for Advanced Studies on International Development convened the International Symposium "Sharing Experiences of Technical Cooperation—Institutional Development in Asia", through the cooperation of the Ministry of Foreign Affairs. The symposium was held on December 17-18, 1992 at the Institute for International Cooperation, JICA in Tokyo. This report is a compilation of the keynote speech, the presentation papers and the discussions during the two-day symposium.

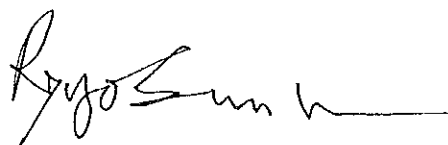
The symposium was organized with the following objectives: 1) to deepen the understanding of the need for methodological research on institutional development, and 2) to search for the possible ways and means for sharing experiences of institutional development with reference to the experiences of Asian countries. Both practitioners and academics in the field of institutional development were invited as panelists, from public administrations in Asia, donor agencies, international organizations and research institutes. By sharing knowledge and experiences, a number of lessons were drawn and areas which require further efforts were identified. Based on the discussions during the symposium, it is hoped that each individual and organization will continue efforts in improving respective programs and projects in this field.

Taking this opportunity, we would like to express our deepest gratitude to all the organizations which supported this symposium and all the people who actively participated in the symposium. Without their contributions, the symposium could not have been such a success.

March 1993



Kensuke Yanagiya
President
Japan International
Cooperation Agency



Ryozo Sunobe
President
Foundation for Advanced Studies
on International Development

国際協力事業団

25673

CONTENTS

Foreword	
Executive Summary	1
Program	4
Profiles of Discussants	5
 I. Introduction	 11
II. Background Paper	13
III. Opening Address	16
Mr. Kensuke Yanagiya, JICA	
IV. Day 1: Discussions & Papers	
1. Summary of Discussions	21
2. Symposium Papers	29
(1) Keynote Address	
Dr. Robert J. Muscat	29
(2) Experiences and Lessons of Donor Agencies	
1) Mr. Makoto Watanabe	36
2) Dr. Jan J. Loubser	43
3) Dr.-Ing Hinrich Eylers	63
4) Mr. John Leonard Hoy	76
5) Mr. John N. Gunning	81
(3) Experiences and Lessons of International Agencies	
1) Ms. Charlotte Jones-Carroll	87
2) Mr. Bayani Aguirre	97
(4) The Need for Methodological Research	
1) Prof. Norman T. Uphoff	109
2) Prof. Noboru Tabe	124
3) Prof. Alan Rew	127
V. Day 2: Discussions & Papers	
1. Summary of Discussions	133
2. Symposium Papers	137
(1) Institutional Development in Asia	
1) Dr. Jaeho Chung	137
2) Mr. Edward Pasaribu	143
3) Mr. K. Thillainadarajan	152
4) Ms. Josefina U. Esguerra	157
5) Ms. Seetoh Hoy Cheng	164
6) Mr. Pichet Soontompipit	171
3. Preliminary Suggestions by JICA	
Mr. Takeshi Kagami	175
VI. Closing Speech	
Mr. Shinsuke Hirai, FASID	178

EXECUTIVE SUMMARY

The following five topics were the focus of the symposium:

1. The Nature and Objectives of Institutional Development
2. Operational Modes for Institutional Development
3. The Need for Methodological Research
4. Lessons to be Learned from Experiences in Asia
5. Future Means of Sharing Knowledge and Experience

The Nature and Objectives of Institutional Development

Two of the primary objectives of institutional development are to support sustainable development and to support human resource development. In some cases, even if institutional development may be thought to have been unsuccessful, there may have been some lasting positive effect on other aspects of a country's development. For example, effective utilization of (the limited) funds available for human resource development can promote cultivation of local ideas and knowledge, thus encouraging further progress at a "grass-roots" level and producing benefits which live beyond the initial period of a project's implementation.

To increase the likelihood of a positive progression and long-term sustainability of institutional development efforts, donors must be cognizant of the surrounding social, political, cultural, and environmental conditions within the recipient country when planning, implementing, and evaluating development programs. The development of a sound institutional framework, within which positive institutional interactions and networking can be sustained, can be impeded as a result of ambiguities in objectives. Donors and recipients need to appreciate that the institutional and organizational environment that they are working to create may, and indeed should be, reflective of a nation's identity and purpose.

The common distinction between "top-down" and "bottom-up" approaches to development is misleading and seldom an "either-or" matter. The most effective institutional development will blend initiatives from above and from below in ways that support the needs of both the nation and its many, varied localities.

Operational Modes for Institutional Development

Local involvement in aid programs and central political commitment in support of aid objectives are both essential for realizing positive results in development projects. Local leadership, along with broad local participation in planning and execution, can help bridge the gap in perceptions between donors and recipients concerning the country's development needs. Further, given a desire to guarantee the efficient use of limited donor resources, employment of local staff and consultants is also more cost-effective. By increasing all kinds of local involvement, the distinction between 'donor' and 'recipient' may be blurred,

thereby promoting mutual understanding and a more balanced form of joint project management.

The project cycle management concept innovated by GTZ and known as ZOPP¹⁾ provides one field-tested means by which interaction and exchange of ideas and opinions can take place between all participants at all stages of decision-making; from planning and implementation to evaluation and review. By learning from the errors made in the implementation of past aid programs, as well as mistakes committed in the early stages of existing programs, projects are continuously modified and adjusted to cope with changing conditions and to correct wrong assumptions and plans. Further, a flexible approach toward development discourages the setting of unrealistically rigid program objectives, allowing for a more rapid response to the "unexpected and undesirable" events in project management. The concept of a project cycle management is being continually refined and, although not an end in itself, it may play an increasingly important role within the aid community.

The Need for Methodological Research

Although research on methodological approaches to development is progressing, many unresolved questions remain. One of these concerns the establishment of an appropriate time frame for development projects. Long-term aid support (10 years or more) has seemed most appropriate for supporting and promoting sustainable development because we have seen how vulnerable are new ventures started up for 3 years or 5 years and then withdrawn from. However, there is the danger that extended support may foster a sense of dependency among recipients, impeding their own capacity-building process. Also, some projects (e.g., education infrastructure) demand long-term donor commitment while others (e.g., transportation infrastructure) entail objectives that can be achieved in a shorter, pre-determined span of time.

Another methodological issue receiving attention is the lack of accepted criteria for judging the "success" of institutional development projects. The establishment of a "sliding scale" of criteria could accommodate the unique characteristics of each country: its institutional environment, its stage of development, political support, local leadership, etc. However, there was some doubt as to the feasibility of quantifying such judgmental terms as "success." Instead, adoption of terms such as "progress" or "performance" might be more useful for the wide range of variables that are being dealt with.

In addition, further elaboration of the analytical framework is needed for better understanding of targeted institutions, and projects or programs themselves. The meta-methodology approach, the organizational field approach, the task analysis, and the linkage analysis are good methods for future studies on the analytical framework.

Lessons to be Learned from Experiences in Asia

"Good" public governance with popular support has been crucial in the successful cases of institutional development in Asia. Each country has had to address a different set of national and regional problems during its development process. The inclusion of NGOs and local organizations as channels for international cooperative action between donor and recipient countries should increase mutual understanding,

¹⁾ These are the German initials for a phrase meaning "goal-oriented project planning."

improving the likelihood of sustainable progress in achieving development objectives.

There is an abundance of information on development programs and projects that have been undertaken in the Asian region, but this is offset by a shortage of systematic comparative studies on Asian development. Positive cases of development in Singapore, Thailand, and Malaysia stand out in contrast with the less successful development programs of the Philippines. Consequently, it is unclear whether or not a model of "Asian Economic Development" exists, and which aspects of such a model, if any, might be transferable to other developing Asian countries and regions of the world.

Future Means of Sharing Knowledge and Experience

There is a call for an increased exchange of information related to institutional development among donor countries and aid agencies, including the establishment of a center that could accumulate, analyze and disseminate such data. In particular, further in-depth examination of Asian case studies is necessary for defining new methodological approaches and reassessing old ones. Also needed is a dialogue concerning practical methods and methodological approaches, perhaps realized through exchange of program manuals, joint project management, and interchange of personnel.

Awareness of the goals and means of institutional development among donor agency and government personnel needs to be heightened and given effect through the inclusion of institutional development as a priority at all stages of program and project design. Expanding communication with local residents and personnel will improve efficiency of projects and make the enhancement of institutional capacity more likely. Then, perhaps, the value-laden terms of "donor" and "recipient" can be allowed to slip into disuse, encouraging international cooperation of all sorts for mankind around the world.

PROGRAM

I First Day

December 17 (Thursday)

9:30 - 9:50	Opening Ceremony
9:50 - 10:20	Keynote Address (Dr. R. Muscat)
10:20 - 10:30	Coffee Break
10:30 - 12:10	Presentations —Experiences & Lessons of Donor Agencies— (JICA, CIDA, GTZ, ODA, USAID)
12:10 - 13:20	Lunch
13:20 - 14:20	Comments & Discussion
14:20 - 15:00	Presentations —Experiences & Lessons of International Agencies— (IBRD, UNDP)
15:00 - 15:30	Comments & Discussion
15:30 - 15:45	Coffee Break
15:45 - 16:45	Presentations —The Need for Methodological Research— (Prof. N. Uphoff, Prof. N. Tabe, Prof. A. Rew)
16:45 - 18:00	Discussion & Summary
18:00 - 20:00	Reception

II Second Day

December 18 (Friday)

10:00 - 11:30	Presentations —Institutional Development in Asia— (Korea, Indonesia, Malaysia, The Philippines, Singapore, Thailand)
11:30 - 11:40	Coffee Break
11:40 - 12:30	Comments & Discussion
12:30 - 13:40	Lunch
13:40 - 14:00	Presentation —How to Share Experiences of Institutional Development— (JICA)
14:00 - 14:40	Comments & Discussion
14:40 - 15:00	Coffee Break
15:00 - 16:30	Discussion & Summary
16:30 - 16:40	Closing Ceremony

PROFILE OF DISCUSSANTS

(in alphabetical order)

Mr. Bayani AGUIRRE

Nationality: Filipino
Present Position: Deputy Chief, South East Asia Division, Regional Bureau for Asia & Pacific
United Nations Development Program (UNDP)
Previous Position: Senior Trade Advisor, International Trade Center
Education: M.B.A. University of the Philippines
B.S.B.A. Economics, University of the Philippines

Ms. Seetoh Hoy CHENG

Nationality: Singaporean
Present Position: Deputy Director, Technical Cooperation Directorate, Ministry of Foreign Affairs
Previous Position: Counsellor, Singapore High Commission, London
Education: M.A. International Public Policy, SAIS, Johns Hopkins University
B.Sc. University of Singapore

Dr. Jaeho CHUNG

Nationality: Korean
Present Positions: Director-General, Economic Planning Board
Executive Director for Technical Cooperation, Korea International Cooperation Agency
Previous Position: Director, General Affairs Division, Economic Planning Board
Education: Ph.D. Economics, University of Texas at Austin
B.A. Law, Seoul National University

Ms. Josefina U. ESGUERRA

Nationality: Filipino
Present Position: Assistant Director, Public Investment Staff
National Economic and Development Authority (NEDA)
Previous Position: Chief Economic Development Specialist, Public Investment Staff, NEDA
Education: M.B.A. University of the Philippines
B.Sc. Business Economics, University of the Philippines

Dr. -Ing Hinrich EYLER

Nationality: German
Present Position: Head, Middle East Asia Department, German Agency for Technical Cooperation (GTZ)
Previous Position: Head, Infrastructure Department, GTZ
Education: Ph.D. Civil Engineer/Water Resources Management

Mr. Ken FUJIMURA

Nationality: Japanese
Present Position: Director, Planning and Program Dept., FASID
Previous Position: Resident Representative, JICA Myanmar Office
Education: M.A. Development Economics, University of Sussex
B.A. Economics, University of Nagasaki

Mr. John N. GUNNING

Nationality: American
Present Position: Senior Program Officer, Office of South Asian Affairs
U.S. Agency for International Development (USAID)
Previous Position: Officer-in-Charge, Nepal/Sri Lanka/Maldives Affairs, USAID
Education: M.A. Political Science, Yale University
B.A. Government, Antioch College

Mr. John Leonard HOY

Nationality: British
Present Position: Economist, Overseas Development Administration (ODA)
Previous Position: Economic Adviser, ODA Regional Office, Thailand
Education: M.Sc. Economics, London School of Economics
B.Sc. Science of Resources, Birmingham University

Ms. Charlotte JONES-CARROLL

Nationality: American
Present Position: Chief Administrative Officer, East Asia and Pacific Region, The World Bank
Previous Position: Program Officer, U.S. Agency for International Development (USAID)
Education: M.P.A. Development Economics, Princeton University
B.A. International Affairs, American University

Mr. Takeshi KAGAMI

Nationality: Japanese

Present Position: Managing Director, Planning Department,
Japan International Cooperation Agency (JICA)

Previous Positions: Director, International Press Division, M.F.A.
Counsellor, Japanese Mission to the United Nations, New York
Director, Document and Archives Division,
Foreign Minister's Secretariat

Education: B. A. Law, Hitotsubasi University
B. A. Economics, Cambridge University

Dr. Jan J. LOUBSER

Nationality: Canadian

Present Position: Director General, Social & Human Resource Development,
Professional Services Branch
Canadian International Development Agency (CIDA)

Previous Position: HRD Specialist, First Secretary, Development
Canadian Development Assistance Program

Education: Ph.D. Sociology, Harvard University
M.A. Sociology, University of Stellenbosch
B. A. Sociology, University of Stellenbosch

Dr. Robert J. MUSCAT

Nationality: American

Present Positions: Senior Economist, Institute for Policy Reform
Visiting Scholar, East Asian Institute, Columbia University

Previous Position: Economic Advisor, National Economic and Social Development Board, Thailand

Education: Ph.D. Economics, Columbia University
M.S. Journalism, Columbia University
B. A. Philosophy, Columbia University

Professor Souchou NASU

Nationality: Japanese

Present Position: Visiting Professor, Tokyo University of Agriculture

Previous Position: Leader, Food Crops Protection Project, Indonesia

Education: Ph.D. Agriculture, Kyushu National University

Professor Fumio NISHINO

Nationality: Japanese
Present Position: Professor, Faculty of Engineering, Tokyo University
Previous Position: Vice President, Asia Institute of Technology
Education: Ph.D. Civil Engineering, Lehigh University
B.A. Civil Engineering, Tokyo University

Mr. Edward PASARIBU

Nationality: Indonesian
Present Position: Special Assistant for Economic Affairs to the State Minister for Housing
Previous Position: Deputy Assistant to the State Minister Assistant for Housing Finance
Education: B.A. Economics, University of Pajajaran, Bandung

Professor Alan REW

Nationality: British
Present Position: Professor, Development Policy and Planning, University College of Swansea
Director, Center for Development Studies
Previous Position: Member, Economic and Social Committee for Overseas Research
Education: Ph.D. Anthropology and Sociology, Australian National University
M.A. Sociology of Organizations, University of Manchester
B.A. Economic and Social Studies, University of Manchester

Mr. Mituo SAKABA

Nationality: Japanese
Present Position: Director, Technical Cooperation Division, Economic Cooperation Bureau,
Ministry of Foreign Affairs
Previous Position: Director, Second Latin American and Caribbean Division, Latin American and
Caribbean Affairs Bureau

Mr. Pichet SOONTORNPIT

Nationality: Thai
Present Position: Deputy Director-General, Department of Technical and Economic Cooperation
(DTEC)
Previous Position: Director, External Cooperation Division I, DTEC
Education: M.A. Economics, New Mexico State University
B. Econ. Economics, Thammasat University

Professor Noboru TABE

Nationality: Japanese
Present Position: Dean, Faculty of International Studies, Meiji Gakuin University
Previous Position: Director, Institute of Developing Economies
Education: M.A. Economics, Sophia University

Mr. K. THILLAINADARAJAN

Nationality: Malaysian
Present Position: Deputy Director, External Assistance Section, Economic Planning Unit
Prime Minister's Department
Previous Position: Ministry of Defense
Education: B.A. Economics, Malaya University
M.A. Manchester University

Professor Hideo UEKI

Nationality: Japanese
Present Position: Professor, Department of Business Administration, Tokyo Keizai University
Previous Position: Specialist, Japan International Cooperation Agency (JICA)
Education: Ph.D. Commerce, Waseda University
B.A. Commerce, Waseda University

Professor Norman T. UPHOFF

Nationality: American
Present Positions: Professor, Department of Government, Cornell University
Director, Cornell International Institute of Food, Agriculture and Development
Previous Positions: Program Committee, Overseas Development Council
South Asia Committee, Social Science Research Council
Research Advisory Committee, U.S. Agency for International Development
(USAID)
Education: Ph.D. University of California, Berkeley
M.P.A. Princeton University
B.A. University of Minnesota

Professor Mikoto USUI

Nationality: Japanese
Present Position: Professor, Faculty of Policy Management, Keio University
Previous Positions: Professor, Institute of Socio-economic Planning, Tsukuba University
Director, Training Program on International Organizations, FASID
Education: M.A. Economics, Nagoya University
B.A. Nagoya University

Mr. Makoto WATANABE

Nationality: Japanese
Present Position: Vice-President, Japan International Cooperation Agency (JICA)
Previous Position: Director-General of the Middle Eastern and African Affairs Bureau,
Ministry of Foreign Affairs
Education: B.A. Law, The Tokyo University

Dr. Somsakdi XUTO

Nationality: Thai
Present Positions: Chairman, M. Information Group Co., Ltd.
Chairman, Public Affairs Foundations
Previous Positions: Rector, National Institute of Development Administration (NIDA)
Chairman, Department of International Relations, Chulalongkorn University
Education: Ph.D. Political Science, London School of Economics
B.A. Commerce, Manchester University

INTRODUCTION

On December 17 and 18, 1992, the international symposium "Sharing Experiences of Technical Cooperation—Institutional Development in Asia" was held at the Institute for International Cooperation in Tokyo. The symposium was organized with the following objectives: 1) to promote understanding of the need for methodological research on institutional development; and 2) to search for the possible ways and means for sharing experiences of institutional development with reference to the experiences of Asian countries. Twenty-four panelists were invited from Asian countries, donor agencies, international organizations and research institutes, and more than one hundred people participated in the symposium.

On the first day, after the opening address by Mr. Kensuke Yanagiya, President of the Japan International Cooperation Agency (JICA), Dr. Robert J. Muscat took the podium to give the symposium's keynote address. He presented a generalized explanation of the fundamental tenets behind the concept of institutional development, as well as a background description of the historical changes and future outlook of technical cooperation. Following this, panelists from aid agencies and international organizations presented their experiences in institutional development and the lessons that might be learned from them. Afterwards, three academicians gave presentations on approaches to institutional development. Professor Norman T. Uphoff expressed his views on various approaches to development, including their conceptual, operational and analytical origins. Professor Noboru Tabe built upon this by giving examples and lessons from the practical side of development program implementation in India. Professor Alan Rew provided an anthropologist's perspective on these issues, discussing the need for research taking into account the culture, religion and customs of the recipient country when planning and implementing development projects. Other panelists contributed their comments to make for a lively discussion and debate.

On the second day, panelists from South Korea, Thailand, Malaysia, Singapore, Indonesia, and the Philippines each gave a presentation of their respective country's experience in development, focusing upon efforts to realize Institution Building and Institutional Development. The panelists from the Philippines concentrated on the role of NGOs in that country's institutional development, while the panelist from Indonesia explained about the establishment and importance of a regional self-government system, with both speakers providing originality in their viewpoints. Following the subsequent presentations by the remaining Asian panelists, there were comments from participating scholars and panelists from aid agencies, making for vigorous discussion. The panelist from JICA then presented a proposal based upon the discussions that had taken place, suggesting actions to be taken in the future. There was a debate that followed among the participants concerning this proposal, the contents of which were finally agreed upon. The symposium's chairman, Professor Mikoto Usui of Keio University then summarized the arguments that had been presented over the two-day period. Following the summary, Mr. Shinsuke Hirai, the Executive Director of the Foundation for Advanced Studies on International Development (FASID), contributed a final message before bringing the symposium to a close.

This report is a compilation of the papers prepared for and presented during the two-day symposium. The papers are in the order in which they were presented. For the convenience of readers, a brief summary

of the presentations and discussions on each day is provided at the beginning of chapters IV and V. It is hoped that the report will be of some use for those concerned with institutional development as well as international development.

BACKGROUND

Recently, official development assistance has become increasingly complicated in terms of regional areas and fields of focus as the nations of Eastern Europe join the fold of recipient countries. These dynamic changes have in turn created a diversification of the problems concerning development assistance such as promotion of democratization and market oriented economy. Within this context, however, it is evident that technical cooperation in terms of institutional development is becoming increasingly important to all such countries and regions for the promotion of effective economic and social development

According to "Principles for New Orientations in Technical Co-operation," a report released by the OECD's Development Assistance Committee (DAC) in June 1991, institution-building is a particularly important objective of technical cooperation. On the other hand, the World Bank states that institution-building is a fundamental component of "institutional development," strengthening those particular capabilities necessary for the recipient to develop and sustain organizational functions over the long-term.

Accordingly, an appropriate concept of "institutional development" will include not only the establishment of new institutions, but also the improvement and reformation of existing institutions. These institutions range from government structures (central and regional) and economic systems (financial institutions, market mechanism) to government ministries, state enterprises, research institutes, training institutes, schools, hospitals, and so on. In addition, various cross-cutting issues such as Environment, WID, Technology, Culture, etc are incorporated in the institutions. Considering the variety of organizational levels and activities in these types of institutions, the complexity of the problems are self-evident.

For the following reasons, institutional development has an important meaning for developing countries. First, it is essential for these countries to achieve a certain level of institutional expertise to formulate legislation, administrative institutions and organizations that are capable of making policy plans and ensuring their efficient execution. If there is a lack of an institutional foundation in a given area, then a new framework must be established. Correspondingly, a well-designed development project is likely to end in disappointment if inherent problems evident in the existing institutional framework are left unaltered. It must be pointed out that recently, projects are advocating new approaches to environmental questions and the role of women in development, issues that had been largely ignored in the past. Second, concerning the method and process of "development," suggested approaches coming from the bottom (participatory development) are being thought of as more desirable than plans and instructions being proposed from the top (the government). These new concerns inevitably need to include institutional reformation in developing countries, whereas development without reformation will lead to difficulties in the advancement of development. Especially in the case of a developing country's government sector, a lack of management and administrative capabilities (i.e. shortage of middle managers, deficient management system, staff's lack of willingness to improve job duties and systems) constitute a significant barrier against the efficient implementation of policies and plans.

From the donor's point-of-view, the effectiveness of development assistance largely depends upon the capabilities of the recipient institutions. In the case that institutional deficiencies exist in developing

nations, development assistance often fails to effectively and efficiently achieve its objectives, leading to criticism within donor countries for ineffectively using development assistance funds. In many countries, these institutions reflect the cultural, religious, traditional and social structures of each country. As such, administrative inefficiencies are understandably a result of insufficient human resources and a conservative approach to reform. Because of an individual country's traditional values, customs, and human relationships, institutions often lack rationality and efficiency based on modern Western ideas. In light of past experiences in development assistance, improvement plans that have been formulated in consideration of the concepts outlined above, have encountered many difficulties when establishing and reforming institutional systems.

Institutional development is not only a question of politics and economics, but also associated with a broader variety of academic disciplines; sociology, anthropology, public administration, and management. In the past, however, Japan has not necessarily made sufficient use of these interdisciplinary approaches in solving the problems of planning, monitoring, and evaluation for the institutional development projects. Therefore, this symposium aims to provide an open floor for academics in all disciplines to exchange their analytical viewpoints and find methodological approaches to the problems being faced by developing countries and donor agencies in the institutional development process. Hopefully, these sessions will serve as a step in the promotion of further research on this subject.

According to Professor Robert Cassen, chief editor of a 1985 report entitled Does Aid Work?, there is a considerable amount of valuable information gathered through the experiences of international organizations and bilateral aid agencies in the execution of development assistance. Regrettably, however, this potentially useful data and information have been poorly organized, little proceeded, and inadequately utilized. In fact, the majority of the data and information based on extended experience and extensive information related to development assistance have been accumulated, but only a small proportion has been mutually exchanged among interested parties and put to practical use. Furthermore, there have been few opportunities in the past to relate and exchange experiences of donor agencies as they relate to their institutional development process.

From the beginning of the 1980s, developing countries such as those in Africa and Latin America have faced an increasing number of difficulties associated with a stagnant world economy. Such problems have drawn closer the necessity for these developing countries to engage in institutional development for the purpose of successful structural adjustment. In spite of this world economic downturn, East and Southeast Asian countries have shown remarkable economic development performance by means of taking advices from various donors, and efficiently implementing institutional reforms and strengthening existing institutional frameworks within their own respectively unique social and cultural context. As such, the sharing and exchanging of these experiences should prove beneficial to donors in helping to advance institutional as well as national development. Such attempts may provide a number of suggestions to promote development in Asia, Sub-Saharan Africa and the rest of the developing regions of the world by addressing the problems that occur when insufficiently developed institutions are interfering with the effectiveness of development efforts.

The purpose of the International Symposium is, therefore, to promote understanding of the need for methodological research on institutional development, particularly for planning, management and technology transfer procedures with participatory approach, and to search the possible ways and means for sharing experiences of institutional development with reference to the experiences of Asian countries.

OPENING ADDRESS

Kensuke Yanagiya

President

Japan International Cooperation Agency (JICA)

As president of the Japan International Cooperation Agency, I would like to extend my sincere gratitude to all of you here who are attending this symposium entitled "Sharing Experiences of Technical Cooperation—Institutional Development in Asia."

Even more than in the past, there have recently been increasing requests for both quantitative expansion and qualitative improvement of international cooperation. So that we can respond to the expectations of the international community, Japan, on its part, has endeavored to increase its amount of governmental development assistance. In 1991 the amount of assistance extended by Japan reached eleven billion U.S. dollars, making Japan the world's largest donor country, as it also was in 1989. During this period, the Japan International Cooperation Agency (JICA), focusing on technical and grant aid cooperation, has been implementing government-based assistance programs to developing countries.

In implementing technical cooperation, we at JICA recognize the extreme importance of human resources development for institution building in developing countries, which in turn leads to the economic and social development of those countries, and, accordingly, we have been attempting a range of strategies and methods in our programs.

In the same way, I believe assistance agencies and organizations in other developed countries have also been grappling with different approaches to cooperation for institution building, the issue that will be discussed at this symposium. On the other hand, recipient developing countries have also drawn important lessons in institution building through their experiences in cooperation. In particular, the ASEAN countries which have made such striking economic development in recent years have aggressively dealt with institution building in order to absorb deeply and utilize effectively the technology which has been transferred to them and which they have developed themselves.

However, I think that it can be said that, until now, there have not been many attempts by donor agencies and developed countries to share experiences gained from dealing with the problems of institution building in order to implement more effectively development assistance.

We must find methods for institution building while considering the political, economic, social, and other conditions of developing countries, and we are grateful for the participation in this symposium of scholars with wide and deep expertise in the fields of sociology, cultural anthropology, and other relevant disciplines. Through the sharing of mutual experiences of assistance agencies and those Asian countries which have made such remarkable economic development, I believe that we should be able to examine and consider what kinds of methodologies and means are desirable for institution building.

I hope that this two-day symposium will proceed with lively and frank exchanges of opinions and that we will be able both to deepen our understanding of methodological research as well as to examine specific

and potential means for developing institution building from now.

Finally, I would like once again to express my sincere gratitude to all of you who are participating or involved in this symposium for your cooperation and for giving me this opportunity to deliver this opening address.



Day 1: Discussions & Papers



DAY 1: SUMMARY OF DISCUSSIONS

Discussions were focused on the experiences and lessons of donor agencies and the need for methodological research on institutional development.

I. Experiences and Lessons of Donors

- A. Nature and Objectives of Institutional Development**
 - 1. Sustainable Development
 - 2. Human Resource Development
 - 3. Institutional Environment
 - 4. Networking and Linking of Institutions
- B. Operational Modes for Institutional Development**
 - 1. Local Involvement and Political Commitment
 - 2. Participatory and Learning Process Approaches
- C. The Need for Methodological Research**
 - 1. Methodological Research
 - 2. Evaluation and Measurement of "Success"

I. EXPERIENCES AND LESSONS OF DONORS

A. Nature and Objectives of Institutional Development

1. Sustainable Development

Dr. Xuto defined today's development efforts using the acronym "SDSESP," standing for "sustainable development sensitive to environmental, social, and political viewpoints." Prof. Ueki suggested the need to consider sustaining interactive institutional linkages and networking after an aid agreement has been terminated in order to allow for the further autonomous development of these institutions in the recipient countries. In addition, institutional designs must incorporate local traditional cultures and behavior patterns with functional, pragmatic systems provided by the donor institutions.

Prof. Uphoff supported the viewpoint of Dr. Loubser and others that capacity-building should be the focus of development aid. Institutional development is part of a broader spectrum of activities—knowledge generation, human resource development, and institutional strengthening. These all together foster enhanced capacity for planning and management, and for meeting human needs in the recipient country. In some cases, what is a failure of institutional development may still be seen as contributing to human resource development. Therefore, institutions, human resources, and knowledge generation should be viewed as parts of a larger whole. Similarly, networking strategies should encompass a set of institutions within an entire sector. Better ideas, along with the exchange of these ideas and experiences, are more important for development than financial resources, especially when financial resources are limited.

Until a recipient country is using its own resources to best effect, it will not get much lasting benefit from the resources from other countries. Therefore, resources from outside should be combined and linked with internal efforts to boost the capacity of a country to make the best use of its own resources. This can be achieved by employing external resources to build up a better base of knowledge, human resources, and institutions, emphasizing the role of ideas in the process.

2. Human Resource Development

Dr. Xuto especially supported the use of development funds and investments for cultivating a larger pool of qualified human resources, e.g., faculty development. Dr. Muscat supported this view, mentioning that in the countries of Southeast Asia and East Asia where economic successes have been achieved, responsibility for development policy and economic management rests in the hands of a "technocratic elite," to a considerable extent foreign-educated and foreign-trained. Such overseas education has had significant influences on policy, some of which were expected and intended, while others, though unexpected and unintended, were not necessarily negative. Although political practices among these countries have differed, it has been possible to maintain an effective working relationship between those with political power and the bureaucratic elite. According to Dr. Xuto, the Bank of Thailand is a classic successful example of what Dr. Muscat described as a technocratic elite working in partnership with donors, in this case, the World Bank.

3. Institutional Environment

Dr. Xuto stated his belief that technical cooperation is becoming more difficult due to an increase in democratization and pluralism in developing countries. Neither donors nor governments have as free a hand as previously. From the respective perspectives of the donor and recipient, public opinion of aid activities is an important concern that must be addressed. The "rules of the game," as described by Dr. Muscat, may therefore have to be changed in response to this concern.

Mr. Fujimura of FASID noted that differences in approach among donor agencies and changes in rate of success and failure can be, at least in part, attributed to differences in the stages of development among countries. In earlier periods, authority was insufficiently delegated and there was a shortage of competent staff, leading to problems in project management. More recently, however, well-educated and competent staff with increased authority have moved into positions of responsibility, and project management in developed countries has become less troublesome. On the other hand, increasingly pluralistic approaches to development in countries mean that the number of institutions involved is expanding, which brings about new difficulties in project coordination efforts.

Dr. Muscat made the point that donor agencies need to take into account all kinds of interrelated activities within a given institutional environment. These include the inter-action between the specific institutions and organizations that are the focus of institution-building efforts and other untargeted institutions within the overall institutional framework. At the same time, one must take into account the effects of institutional change on the social, political, and economic characteristics of the country. Persons involved in institutional change should recognize that this influences a country's character, by altering institutions that may have held important positions within these societies.

The final determination of a nation's identity and goals is a responsibility that rests with the citizens of each nation, while recognizing that donors will continue to have a direct role, not so much in shaping national identity as in strengthening those institutions in the society that contribute to society's sense of identity and national purpose.

Dr. Muscat also restated the need to embody institution-building in a network operating within a dynamic context. Still lacking, however, is a methodology for determining which institutions need to be supported and when they require this support. Institutions within a given social context are naturally subject to transformations in effectiveness and usefulness. Depending upon the requirements of the socio-economic environment, the result will be that some institutions should be strengthened and others should be allowed to fade away. Simply assuring the availability in human resources and institutions is insufficient: therefore, it is desirable to have a dynamic methodology that takes into account the changing character of an institution over a given time period. Mr. Gunning added to Dr. Muscat's comments on the distinction between organizational development and development of the "rules of the game" by stating that "a good institution without good policies is not a good institution."

According to Prof. Rew, sociologists and anthropologists can make a contribution by encouraging an understanding among recipients and donors of the opportunities and challenges that will arise within this variable context. Also, there is a need to reinforce awareness of the gap in perceptions between recipients and donors. This can best be achieved by employing a social reporting system to identify those

who are advantaged and those who are disadvantaged as a result of these changes in context, identifying the risks to all "interests" in a given project.

In response to a comment that cultural issues are a "black box" to economists, Prof. Rew stated that it was his hope to steer those involved in development activities away from unrealistic, universalistic conceptions. He supported Dr. Xuto's position that donors must seek to address the relationships between institutional development and civil society in more humanistic terms. Institution-building and capacity-building appear to be clear-cut objectives at first glance, but the consequences of such policies cannot be underestimated because, in the end, they involve questions of social responsibility and the threat of " 'facipulation,' facilitating but also manipulating at the same time."

As consultants, sociologists and anthropologists can work to promote cooperation among local administrators. In the case of Asian bureaucracies, there has been a focus on vertical relations, thereby slighting the horizontal, lateral relationships that are critically important for positive linking between institutions.

Chairman Usui revealed his own concerns in this area; in particular, the relationship between capital aid and technical aid and the timing of capital, technical, and financial aid in the context of institutional development. In terms of a country's economic system, it is necessary to determine what institutional capabilities are necessary at different stages of development. The issue then becomes one of institutional "import substitution" — how and when can recipient countries determine the need to receive technical assistance and cooperation for institutional development?

4. Networking and Linking of Institutions

Referring to Dr. Muscat's keynote address concerning linkages among institutions, Dr. Loubser granted that such linkages often appear inefficient from a short-term perspective when compared to bilaterally-executed development projects in terms of achieving specific development objectives. However, from a long-term perspective, institutional linkages allow for the rationalization of disbursement and access to limited resources as well as create a context within which the possibility of unexpected benefits from these institutions is increased.

The ways in which institutions can collaborate was referred to variously as institutional networking, institutional pluralism, institutional or social differentiation, and democratization, to name a few. Prof. Uphoff presented a scheme for analyzing these relationships, using a matrix to describe the linkages among three institutional sectors (government, intermediate, private) and ten institutional levels. In addition, Professor Tabe gave some practical examples at the project level, displaying the roles that administrative and normative linkages play in embedding the project into the existing institutional network.

B. Operational Modes for Institutional Development

1. Local Involvement and Political Commitment

Prof. Uphoff focused attention on the human resource aspects of development, especially on the need for local leadership and indigenous support of the institutional development process. Governments are often able to provide political support for identifying this leadership within the existing system. However, preference for a bottom-up process cautions against making prior political commitment a precondition for initiating the institutional development process.

Dr. Eylers emphasized the importance of the recipient country's government and the local citizens having a sense of "ownership" regarding any project if its benefits are to be sustainable. If the feeling of ownership is strong, they will act responsibly when managing resources that come from outside agencies and be willing to make contributions of their own. Also essential to the framework of institutional development are continuity and sustainability of locally-recruited staff, as well as local leadership.

Chairman Usui noted the necessity for innovative instruments of cooperation—such as local consultants, local executing agencies, or the UNDP's "expert counterpart approach"—to promote a give-and-take relationship for technical cooperation between recipient and donor. Dr. Eylers expressed his support for the many participants who voiced a desire to increase the utilization of local staff in development projects. This would make better use of locally available experience, improve integration with and knowledge of local conditions, and bring down costs, making projects more cost-effective. Mr. Aguirre maintained that one of the strengths of UNDP is its significant field presence which includes a core of local staff. Especially in light of the shrinking availability of donor funds, expanding the employment of local staff and local officers in the field is fast becoming a budgetary necessity.

Ms. Jones-Carroll noted that the World Bank has no major plans to adjust the balance of its human resources between representation in the field and at World Bank headquarters, especially in areas that it has maintained are the responsibility of its borrowers. However, taking institution-building into consideration, the Bank is examining a more direct, full-time role in project monitoring. The degree of hiring and maintaining long-term resident staff in recipient countries for the purpose of promoting efficient institution-building projects is an issue that should be considered within all donor agencies.

2. Participatory and Learning Process Approaches

The establishment and management of institutions is dependent upon the tasks which the institution has been assigned, the institution's environment, organizational landscape, and perhaps most importantly its clients and beneficiaries. By including the participation of these target groups in the early stages of project planning, as well as in the later stages of implementation and evaluation, the probability of a successful project is increased. For this reason, a ZOPP project cycle management process mentioned already was developed by GTZ and is now being refined by FASID and JICA.

According to Prof. Uphoff, a ZOPP-type combination of the learning process and blueprint approaches is an improvement upon the most formalized and restrictive types of blueprint approaches. Dr. Eylers added that ZOPP is expected to be used as an instrument (methodology) for organizing the decision-

making process, the core of which is a system of participation independent of hierarchical restrictions. ZOPP serves as a democratic means for encouraging mutual understanding among donors and recipients of the respectively unique problems and solutions encountered in development projects. FASID has employed its own version of ZOPP, known as PCM (Project Cycle Management), while JICA is in the midst of designing a 'Japanized' version, JPCM. Both include a participatory process of discussion among donors and local officials as well as with beneficiaries and/or recipients in the formulation, implementation, and evaluation stages.

Mr. Fujimura presented four kinds of outcomes of project management: expected desirable, expected undesirable, unexpected desirable, and unexpected undesirable. The last of the four—unexpected undesirable—is better known as risk. These risks are largely attributable to social and cultural factors, and as such it is useful to address these concerns via appropriate methodologies employed at all stages of the program cycle.

Prof. Rew stated that, however paradoxical it may seem, we should learn to expect the unexpected and to be prepared for the undesirable results of development endeavors. Focusing on specific, narrowly-defined goals will likely lead to disappointment resulting from a realistic inability to control such complex processes. A learning process approach, therefore, is more appropriate for dealing with social institutions that, by their very nature, involve a degree of flexibility and change.

Chairman Usui noted the important role of twinning arrangements; a process of mutual learning between institutions of different countries and between donors and recipients. On this point, Dr. Xuto presented what he believed to be the "necessary qualities for those involved in this task of cohabitation. First, pragmatism with ideas; second, flexibility with principle; third, expect the unexpected and unexpected the expected; fourth, don't make the same mistake twice, but go ahead and make some new ones."

C. The Need for Methodological Research

1. Methodological Research

During the discussions, areas for further improvement were identified. Concerning a desirable time frame for institutional development projects, Prof. Nishino stated his opinion that institution-building efforts require cooperative assistance over an extended period. As such, he was critical of JICA's short-term project orientation. In response, Mr. Kagami of JICA agreed that a certain time frame needs to be established in order to offer the necessary assistance. If the period of aid-giving becomes extended, a sense of dependency may develop among the recipients, however. Therefore, a concept of self-reliance must be fostered during the process.

Dr. Muscat questioned the organizational structure of the World Bank, especially in terms of its representation in-the-field. He noted that the Bank has engaged in self-criticism of its inherent weakness in institution-building activities, attributable in large part to its traditional focus on capital and financial transfers rather than on technical assistance, which is at the center of international cooperation activities undertaken by many other donor agencies.

Program approaches that incorporate a wider range of multisectoral and intersectoral needs will also

demand a mechanism for review from a similarly broad viewpoint. If joint planning and evaluation are to be promoted in the future, it should be performed at both the field level and headquarters level. In reference to the coordination of donor technical cooperation programs and projects, Mr. Aguirre stated UNDP's position that this is the responsibility of the recipient country. UNDP is committed to continuing its support and facilitation of the coordinating tasks being undertaken by the recipient government.

As a framework for further research and action, Prof. Uphoff presented a review of three methodological approaches—conceptual, contextual, and operational—for institutional development. The conceptual approach helps disaggregate various institutional phenomena with regards to the degree of institutionalization, the levels at which decision-making and action can take place within a larger socio-economic-political system, and the sectors in which institutions operate. The contextual approach proposes that institutional development is complemented by other modes of action. The operational approach emphasizes learning approaches rather than blueprint approaches.

Dr. Loubser stated the view, supported by a number of other panelists, that it is necessary to cease thinking of institutional development being implemented in a project mode. Doubts about the project mode are founded in its tendency to address very complex situations in a technocratic, linear, materialistic manner. Prof. Rew characterized this in terms of a “baubles on the Christmas tree” metaphor for integrated rural development.

Dr. Eylers reiterated the view that we need to keep in mind that the purpose of development policy is to benefit those at the end of the process, the beneficiaries. Without this consistent approach to development, there is a danger that a project will exist and function for the benefit of the implementing agency or institution itself. Thus, success criteria should focus on external rather than internal goals.

According to Dr. Loubser, there is a necessity for further methodological and terminological research on institutional development, based on a more conceptually holistic approach to institutional development, in order to foster capacity-building for sustainable development. As democratization within developing countries brings about changing needs, Prof. Rew noted that the value of social research on the provision and efficiency of public services and the character and efficacy of development planning increases.

In support of comments by Dr. Muscat, Prof. Uphoff and Mr. Aguirre concerning the shrinking of available aid funding, Dr. Loubser also suggested intensifying the search for more strategic and thereby effective uses of these funds. Limited funding should encourage a refocusing of efforts away from an input-oriented mode of cooperation toward more emphasis on output, or results, by identifying the types of aid contributions that will provide the most significant, positive catalyst for achieving a country's development objectives. As the available pool of donor funds is shrinking, this must be taken into consideration as new ways of managing development projects are being formulated and established. Better, more efficient coordination of aid activities are desirable in light of the diminishing amount of financing available from donor countries.

Chairman Usui acknowledged the need for a long-term process approach, with ZOPP possibly serving as a methodological starting point. Nevertheless, a number of methodological problems and questions remain unsolved and unanswered. Mr. Kagami of JICA concurred on the need for further methodological research on institutional development, including the establishment of a set of criteria to

serve as a means for judging success or failure of institutional development projects, that might help serve as the core of a methodology for institutional development. Still, it was stressed that research is not an end in itself, but rather a means for making technical cooperation more effective in terms of institutional development. At the same time, it may prove advantageous to include academic scholars in the process of reviewing donor agency activities and revising programming and training manuals. Thus, institutional development can be internalized within a project and not isolated as a separate element of aid efforts.

2. Evaluation and Measurement of "Success"

Dr. Muscat favored a "sliding scale" of criteria for determining the success and/or failure of development activities. He also said we should expect higher levels of success in countries where development is more advanced, and consequently have lower expectations in lesser developed countries, especially in light of the fact that institutions can be expected to experience cyclical periods of efficacy.

Prof. Uphoff referred to the importance of continuity for achieving success, observing also that no one variable is sufficient to judge this. A unique mix of different variables (leadership, values, ideas, incentives) is imperative for institutional development. Rather than using "success" as a judgmental term, "progress" is preferable because it does not imply a false notion of permanency that is integral to conclusions about either "success" or "failure." The increasing complexity of development efforts calls for the identification and establishment of measures and/or indicators of progress and improvement according to criteria that can be adjusted to suit a changing institutional environment over time.

In response, Dr. Muscat took the point-of-view of the taxpayer who has a right to know a given project's objectives, as well as a means of judging the success or failure of aid efforts. In the case of the United States, foreign aid has been linked to foreign policy objectives, and without public support of foreign aid, it will be increasingly difficult to achieve those objectives. Prof. Uphoff's answer was to call for indicators that measure movement in a positive direction, avoiding summary judgments of success or failure. Chairman Usui stated that reasonable success criteria depend primarily upon a country's absorptive capacity and political commitment to institutional reform.

Mr. Aguirre mentioned that UNDP uses the term "performance" to indicate not only success, but also a project's progress. On this topic, Ms. Jones-Carroll pointed out the lack of a list of service level indicators, and called for the development of such a list, which could be organization- or agency-specific.

Keynote Address
Technical Assistance and Institution-Building:
Future Directions

Robert J. Muscat
Senior Economist
Institute for Policy Reform
Washington, DC

Distinguished Guests, Ladies and Gentlemen,

I want to begin by thanking the organizers of this conference for honoring me with their invitation to address this international symposium.

Facing a gathering of development practitioners so experienced in technical assistance and institutional development, I am sure that I will learn more than I can contribute. Nevertheless, I could not resist this opportunity, presented to me by FASID, to try out some ideas before such a group and, hopefully, to suggest a few things that might be worth pursuing over the course of the next couple of days.

Technical assistance programs have covered a wide range of activities: short-term and long-term advisory expertise; narrowly focused technical transfer, and broad sectoral and strategic policy assistance; selected institutional strengthening linked to the implementation of capital projects, and “free-standing” institutional development projects; training in a variety of forms—brief observation tours, domestic training programs, and long-term overseas training including education for advanced degrees; local and international research to adapt existing technologies and to develop new knowledge to address new problems or problems previously neglected.

Institution-building projects have helped to develop many types of organization, from the apex of policy-making agencies of central government to village self-help organizations. Depending on the stage of development of the host country, and on the preferences of the aid agencies, one might find projects in such areas as financial market regulation, scientific and commercial standards, public education and health systems, public administration, infrastructure agencies, non-governmental organizations, local water-user groups, investment promotion services, statistical services, geological and meteorological services, agriculture research, natural resources and environmental protection, social safety net agencies, judicial dispute resolution services, and so on. The list covers institutions in both market-related and non-market functions; and in the public, private, cooperative, and non-profit sectors. Finally, the institutions providing this technical assistance are themselves very diverse in character—international and bilateral agencies, private foundations, and non-governmental organizations, not to mention the specialized institution-building that may be involved in the flow of international direct investment, and in the relationships between business organizations of different countries (as in the case of the ASEAN Chambers of

Commerce).

Most of these activities contribute to the creation of human capital, and to the mobilization of human capital in institutions or organizations important to the process of economic development.

The training and institution-building—and projects aimed at subjects like economic policy reform, the strengthening of public administration and processes of governance, or the sharing of experience in democratic process—also have their effects (whether intended, or even unforeseen) on the social and political development, the “rules of the game,” and the ways of thinking, of the developing countries involved in this historically extraordinary enterprise.

As our background paper points out, the term “institutional development” refers to both these aspects of historical change—first, to the rules of the game (whether they be rules of economic, or any other, dimension of human interaction), and the formal organizations that embody these rules or oversee their usage. And second, it refers to the organizations that mobilize human capital into coherent groups to carry out the wide range of productive, technical, and governance functions that, in the complex modern world, cannot be undertaken by individuals acting alone.

For convenience, I will call these two aspects of institutional development the rules and the capabilities.

When economists began to focus on economic growth in the early post-war years, they developed a conceptual framework that gave a central role to the accumulation of physical capital as the primary determinant of the rate of growth of an economy. We now have a very different view. Efforts to measure the sources of growth in many countries have found that, while the accumulation of physical capital is indeed one of the primary determinants, a significant fraction of income growth cannot be traced to physical investment or to mere growth in the size of the labor force. This well-known, and elusive, residual unexplained growth is generally attributed to improvements in the efficiency of human economic behavior. These improvements result from the accumulation of productive knowledge, increases in the stock and quality of human capital, and from the continuing development of efficiencies in the network of economically relevant organizations.

With all the attention now given to getting the economic rules right, to developing the stock of human capital, and to mobilizing this stock in the institutional forms necessary for the management and operation of modern technologies and economies, technical assistance has emerged as a component of the international development system of equal importance as the components that facilitate financial and physical resource transfers.

In short, technical assistance helps to train individuals, and helps a society to group these individual capabilities into organizational arrangements for development functions that require complex networking. This assistance may appear to be only “technical”, because the training and institution-building has been focused largely on “technical” functions (such as agriculture, energy, transportation, or natural resources). However, virtually all technical assistance also affects the rules of the game, the institutional character of the economy and the society. These effects may be indirect, even unintended. They arise from the overseas educational experience of trainees, exposing them to new ways of thinking and new value systems. They

arise from the unpredictable effects new or strengthened organizations will have on the other institutions and interests with which they will be interacting, perhaps cooperating, or opposing, or mutually transforming. (Given these interactions between organizations and the rules, I do not think it is useful to define institutional development, as some writers have done, as excluding all work on organizations that appear, *prima facie*, to be “merely technical”.)

In the 1970s, technical assistance in many countries began to move away from its earlier concentration on technical, or socially neutral, subjects. Driven by a new concern over poverty, technical assistance programs of many donors shifted their attention to both organizational and rules-of-the-game changes, especially in rural areas, that were intended to reach deeper into a society’s institutional character by changing the distribution of income and economic power.

In the 1980s, there was another shift of institutional focus. This time technical assistance was concentrated on the economic institutional and policy framework, to encourage and design fundamental changes in the role of government, and to help countries move towards more outward-oriented and private, market-oriented economies.

And finally, in the past few years, technical (and economic) assistance policy of many donors has moved even further into institutional change at the very core of the political character of host countries. That is, technical assistance programs have begun to explore how they may contribute to the development of democratic institutions and processes, more pluralistic politics, and the empowerment of disadvantaged groups.

Over these past 3-4 decades the developing countries of the Southeast and East Asian region have experienced the most rapid growth, and the most extensive institutional change, of the Third World. Most of these countries now have well developed market systems, relatively efficient economic institutions, extensive educational and training facilities, skilled labor forces, and increasingly pluralistic political systems. The further technical and institutional development needs of these countries are now much more specialized, more highly technical, more civil and political than technical or managerial, compared with their institutional development requirements 20 or 30 years ago. These countries themselves are now in a position to provide technical assistance in institutional development to other countries still at earlier stages of development. At the same time, in this region, and in Africa and other parts of the world, there remain many countries that resemble, in their institutional development needs, the conditions that years ago characterized the now relatively advanced developing countries of Southeast and East Asia.

As a result, the international development agencies now face a much wider range of institutional development needs than was the case when development assistance was in its early years. As the background paper notes, we are now in a position to draw many lessons from the long institutional development experience of this region.

Now what does all this say about the future of international assistance in institutional development? Let me suggest four points for your consideration.

First, from one perspective, there are few excuses any more for institution-building project failure. This region contains a wealth of successful experience, and many lessons learned from the unsuccessful

efforts. The aid agencies have published a great deal of evaluation literature. The lessons of experience have been used by many researchers in public administration to develop methodologies for planning institution-building projects. Economists interested in this field have developed important insights on incentive structures and other dynamics of institutional behavior. For many years, the aid agencies represented in the OECD Development Assistance Committee (DAC) have had arrangements for exchanging evaluation results and consulting on project methodologies. There are still problems of inadequate feedback of lessons learned into new project planning and implementation; but there is no excuse of lack of sufficient experience for most of the kinds of institution-building projects carried out by aid agencies.

Second, however, from another perspective, there remains one important aspect of institution-building that, surprisingly, has been neglected by the evaluation and public administration literature.

Almost the entire literature on institution-building addresses this question: How do you build an effective, self-sustaining, well-managed institution, once the decision has been made to create a particular institution? The literature aims to provide practical guidelines, oriented largely to the internal character and management of individual organizations, with some attention to how an organization relates to the surrounding society and economy in which it is designed to operate.

Just as a reminder for this symposium, let me mention some of the lessons one finds in the literature. Fundamental is the need to establish a clear institutional doctrine and purpose to ensure that everyone involved has a common understanding of an organization's objectives. Quality of leadership is vital along with an established process of leadership change to ensure that such quality is sustained. A capacity for change and adaptation to changes in the environment should be built into an organization's structure and purpose. Careful attention must be given to getting in place the budgetary, staffing, and other internal systems vital for an institution's functioning. Recurrent evaluations are important for objective review of progress and early identification of problems. For some kinds of institutions (for example, university faculties up to international standards), an institution-building plan should involve technical assistance over an extended period of time.

But the literature says very little about how to decide, in the first place, what organizations should be created. This weakness was recognized at least 20 years ago when one eminent writer on the subject, Ralph Smuckler, wrote that "The institution building concepts provide no help in estimating which institution should be strengthened or started. Once this policy decision has been made [the concepts] become distinctly useful in project planning." We have not made much progress on this prior decision problem since Smuckler made this observation.

In order to throw light on this decision, we need to develop a strategic framework to help answer a series of questions. What institutional capabilities does an economy need at different stages in its development? How do different institutionalized capabilities rely upon and support each other, i.e. what is the network of institutions that is essential for promoting and sustaining economic development under different social and economic conditions and at different periods in a country's history? How should the choices to invest in specific institutional development be shaped by such factors as a country's comparative

advantage pattern at a given period, a country's size and resource endowment, and the options that are usually available to obtain many technical, human capital building, and managerial capabilities from the outside? We may think of some of these choices as similar to choices made in the allocation of physical investment resources; that is, under what circumstances, and on what scale, is it more efficient to rely on institutional import-substitution rather than continuing to rely on importing the capabilities in question. Some of these capabilities, especially concerning domestic governance, are essentially non-tradeables. But many functions can be serviced by imported capability. Their domestic substitution can be delayed while institution-building resources are allocated to those capabilities that are more essentially domestic or more efficiently provided through local institutions.

Another way of looking at institutional development as a network-development process is to draw a parallel with the input-output system framework used by economists. The input-output framework maps out the domestic interactions and interdependencies among the different productive sectors that make up an economy at any point in time. The institutions of an economy also form a network, in which they feed and interact with each other and with the economy and society they help to structure and operate. The literature does contain lessons of experience where specific institution-building projects have failed because of the absence of other institutionalized capabilities and reinforcing organizations. The role of these interdependencies had been overlooked in these cases; the need to develop several related institutions at the same time had not been understood.

In short, apart from some institutional networking in agriculture, the technical assistance agencies and the governments involved have not had a general understanding of, or methodology for, developing a systematic approach to institutional network-building as one of the fundamental processes underlying modern economic growth.

There is one important exception to this generalization. The recent development of the so-called "institutional economics" does place institutions at the very center of economic development. It tries to account for the different paths economic evolution has taken over time (especially between the countries that have led the industrial revolution and the countries that lagged behind for long periods of time) by focusing on the character of the institutional structures and underpinnings of these countries. However, important as the insights of institutional economics are, they have not yet provided applicable lessons for today's institution-builders. The reason for this is simply that institutional economics, thus far, has been trying to explain institutional evolution as an endogenous process, i.e. a process in which the formal organizations and institutions of a society emerge out of, and embody, the historic character of the evolving domestic rules of the economic game. But the institution-building process in today's developing countries has a strong exogenous basis. Whether talking about the rules of the game, or about the institutionalized capabilities of the developing countries, the essence of the development process today is the effort to force-feed, to introduce from the outside, and to benefit now, rather than waiting for slow endogenous development. One of the most influential thinkers on this subject, Milton Esman, has noted that institutional development need not be a "natural" or evolutionary process. "In this era, new technologies

and new institutional forms are almost everywhere deliberately induced...”

Technical assistance has been at the heart of this process, as the primary source of this deliberate and exogenous program to anticipate and to shape the unfolding history of a country's institutional character and endowment.

It could be very valuable for rational planning of institution-building if we had a more systematic understanding of institutions as a network, their inter-dependencies, and the functional relationships of specific institutionalized capabilities to the economic configuration of countries at different stages in the development process. Research into the institution-building experience of some countries that have successfully force-fed the process might throw much light on these questions and help us to develop some guidelines for present technical assistance programs. One prime candidate for such research would be Japan's extensive institution-building program in the late 19th century.

My third point concerns the changing role of government-to-government (or international agency-to-government) technical assistance. As you know, we have been living through a time of profound change in view, in much of the world, about the proper economic role of government and the public sector.

The ideologies of extensive government ownership and management of productive enterprise, of command economy systems, have been discredited. There is widespread agreement that the most effective role for government, as a promoter of economic development, is to focus on the rules, and on the support of private capabilities rather than the preemption of productive activities by the state. This implies an important shift in the nature of institution-building assistance, a shift I mentioned earlier in my remarks.

This is too large a subject for a brief address. Let me just note that even within the framework of this large-scale abandonment of command economics, some substantial differences of opinion remain regarding the effective developmental role of the state, especially with respect to industrial and technological development. On one side is the view championed by the World Bank and a number of bilateral agencies. This view leans toward minimizing the role of government and leaving the resource allocation decisions largely to the private sector and the operation of the market (apart from areas like public health or primary education, where a major government role is acknowledged by most analysts). The alternative view holds that the reaction against government's allocative role has gone too far. Based mainly on experience in Japan, South Korea and Taiwan, this view maintains that government economic management, going beyond the confines of fiscal and monetary macroeconomic policy, can make a substantial contribution to economic efficiency and development. It should be obvious that these two views could lead to major differences in the institutional orientation of technical assistance, especially in this region of the world.

My final point concerns the very newest institutional challenge that international technical assistance has begun to take up.

I am referring to the problem best described as nation-building. With the end of the Cold War, we see in several parts of the world the breakdown of societies, of countries or national sub-divisions. These societies have contained unresolved tensions that were masked or suppressed by authoritarian regimes and by the pressures of Cold War alliances. There are examples of these breakdowns in Europe, Africa and

Asia. In Cambodia we see the most advanced international response. The international community has undertaken many governmental functions, hopefully for a limited period of time, that are normally considered reserved to the authority of a sovereign state. Even after this extraordinary UN role has been concluded, Cambodia's development will require institution-building in some of the most fundamental functions that structure a nation-state—political process, the capacity to define national purpose, and the rebuilding of cultural strength. Similar problems are emerging in Central Asia and elsewhere. Once order is restored in these areas, and jurisdiction and legitimacy have been clarified, it will not be enough for the external aid agencies to confine themselves to the ordinary, off-the-shelf building of institutional capabilities. These challenges may be the most difficult that technical assistance has ever faced.

In many countries, technical assistance is addressing nation-building needs that are much less drastic compared with countries undergoing crises of national identity. The nation-building problems of less drastic character are sometimes described as weaknesses in, or inadequate development of, "civil society". At the risk of oversimplification, we might say that economic development, and economic and technological transformation, have run ahead of the society's social and political institutional development. Economic interest groups, intellectual classes, a middle class, and other products of economic growth have emerged, but have not succeeded in institutionalizing themselves into components of an ordered civil society. As a result, business-government relations remain dominated by clientelism and particularistic networks. Middle class or educated student political action have few institutionalized alternatives to the streets. We have some important examples of civil-institution lag in this region. Civil society institution-building has begun to appear in some technical assistance programs and is likely to grow in importance. The development of institutions of democratic political process is only one part of this broad need for civil society development.

In conclusion, I would like to say how gratifying it is that there are countries represented at this symposium that used to be only on the receiving end of technical assistance, that have recently moved over to become significant providers. For many reasons—cultural affinity, similarities of resource endowment, recent experience in similar institutional change, and so on—the more advanced developing countries are able to offer assistance that should be more appropriate in many areas than what can be obtained from the advanced industrial countries or the international agencies. In short, we all have much to learn from each other. So I ask your permission to stop talking so I can start listening.

Institutional Development

—JICA's Experience through Technical Cooperation—

Makoto Watanabe
Vice-President
Japan International Cooperation Agency

I. Technical Cooperation and Institutional Development

1. Based on our motto "Nation building, human development, and heart-to-heart communication," the Japan International Cooperation Agency is implementing various types of cooperation programs in order to develop the human resources necessary for the promotion of stable economic and social advancement in developing countries. In addition to JICA's project-type cooperation, which combines the acceptance of overseas trainees, dispatch of experts, and provision of equipment into an integrated assistance package, JICA dispatches both development study teams to developing countries to assist in the formulation of those countries' official development plans, as well as Japanese youths imbued with a strong volunteer spirit under the Japan Overseas Volunteer Cooperation program. JICA also administers the Japanese government's grant aid program, under which governments of developing countries can receive funds from Japan without the obligation of repayment.

Many of the activities mentioned above have as their main goal the transfer of technology to promote the social and economic development of developing countries, and, in a sense, it may be said that this socioeconomic development is the process itself of technology transfer. That is, as a society undergoes change—provided that the direction of that change leads to the enrichment of the society—it improves, diffuses, and absorbs a wide range of technology defined in its broadest sense as the society tries to ensure that the technology fits its social and cultural conditions. Naturally, it is extremely important that the technology is assimilated smoothly into the society. Accordingly, when thinking of technology transfer or cooperation to developing countries, we must consider institutional development, and not just the transfer of technology, so that the technology actually can be adapted, diffused, and absorbed by the country or society, so that it can be integrated in a comprehensive way.

2. In our cooperation to developing countries, it is necessary for us to analyze and study thoroughly the essential elements of those institutions and systems in developing countries which will ensure the sustainability of development and heighten its effects. Though we may entrust the detailed analytical research of these institutions and systems to scholars in the field, I believe we aid administrators, based on our experience, can make the following general points.

Institutional and systemic development is, as the World Bank defines it, the strengthening of the

institution's intrinsic capability so that the institution will develop and maintain in a long-term and sustained way its own functions. The concept of "systems" can be divided into two categories: (i) the composites of group and societal norms which regulate individual behavior, for example, customs, practices, legal systems, etc., and (ii) the usual social systems, for example, political, economic, and educational systems. The technical cooperation or transfer which JICA implements strives to bring about a more desirable change in, or impact on, the institutions and systems of those developing countries whose systems can be conceptualized in the manner described above.

However, it is generally said that change in a system through an endogenous force is difficult, but that change rather occurs through contact with a completely different system or technology. The reason such internally-produced change is difficult is less that technology transferred through technical or other cooperation possesses such a dynamic character, but that systems are generally so static. Hence we are often confronted with difficulties when dealing with systems which have this static element, such as decision making mechanisms or labor practices, in the cooperation programs that JICA implements. Such problems presumably arise from differences in values or social organizations, and it is greatly expected that research in relevant disciplines, such as in social psychology and cultural anthropology, will shed needed light on appropriate solutions.

In order to understand the concept of "institution," it is necessary at first to consider in a comprehensive way the entire scope of elements that make up the institution—the institution's formation and maintenance, its internal operational processes and structure, etc. We must consider why the institute was formed, why it is maintained. We should also realize that, in order to form and maintain an institution, the institution's objectives must be clearly defined, its members' desires and wishes should be fulfilled, their contributions ensured, and necessary resources, such as budgets for the activities of its members, secured. And to ensure that these conditions are systematically met, institutional norms and leadership are indispensable. Moreover, support must be given so that the institution can coordinate with related parties, groups, and other institutions. In order for new institutional development and the expansion of existing institutions to occur in this way, consideration of the following three points is extremely important:

- 1) Can the institution's goals, personnel, budget, activities, etc. be independently and sustainably developed?
- 2) Are relationships with parties, groups, and other organizations involved with the institution proceeding well?
- 3) Will the institution be able to maintain, coordinate, and develop its relationships with related parties, groups, and other institutions in the future?

As I have mentioned previously, institutional development in developing countries is very multi-faceted, and, accordingly, an important point we must be aware of is that the needs for institutional development are, in the same way, extremely diverse. In order to support the structural adjustment of developing countries which are facing severe economic problems, such as accumulated debt, institutional

development within their economic and administrative systems, for example, reform of their marketplace and financial systems, is being strongly sought. Such requests are of a different level from that of the vocational training, hospital, research facilities and other projects which JICA has been implementing until now. Moreover, the need to consider the environment, WID, and other issues is also indispensable, and, to do so, a more participatory approach, as it is known, is being advocated. However, to advance such an approach, it is essential to secure the participation of a wide range of people and to grasp all of their needs. Institutional development has become further diversified due to changes in the internal and external environments of developing countries, for which basic reform of existing institutions and revitalized institutional development is needed. To meet this diversification of needs, a prompt and adequate response by assisting countries is being requested. In this sense, the sharing of experiences between donor agencies and those Asian countries which have, while achieving such remarkable results in their own original institutional development, been greatly advancing socioeconomically is an important obligation.

II. JICA's Experience

3. As mentioned previously, JICA is carrying out various types of technical cooperation, but we believe that, among these cooperation activities, project-type technical cooperation is the one type of cooperation designed to transfer technology to support in the most comprehensive but in an unobtrusive way the self-help efforts of recipient countries. Such cooperation integrates three components: acceptance of trainees, dispatch of experts, and provision of equipment. A line of consistency is maintained from the inception of the cooperation and the formulation of plans through implementation and evaluation. JICA's project-type cooperation can be classified into the following four types: (1) research and development, (2) technology diffusion, (3) education and training, and (4) institutional management. These projects cover the areas of social development, which includes vocational training, science and technology, urban transportation, etc.; health, medicine, and family planning; agriculture, forestry, and fisheries; livestock raising; and industrial development which contributes to the effective use of energy resources, etc. As of October, 1992, JICA was implementing 176 projects.

Many of these projects aim at supporting institutional development. These projects can be broadly classified into two types: (a) projects in which, after facilities such as research institutes, vocational training centers, and hospitals are newly established through grant aid from the Japanese government, cooperation, using the facilities as a foundation, for institutional development is implemented; and (b) projects which seek to expand and strengthen existing institutions through technical cooperation.

As far as the first type involving institutional development of new institutions, many projects face problems caused by the confusion resulting from the establishment of new institutions within the country's governmental structure. Examples are: the difficulty in securing sufficient budgeting to cover operating expenses; the lack of staff and the difficulty of assigning mid-level staff experienced in administrative affairs; the lack of channels for support from and coordination with overseeing ministries or agencies and other types of organizations; and the lengthy period needed to foster a sense of purpose and goal seeking

and to establish decision making systems. For projects involving already established institutions, it is vitally important that the necessity for expanding and strengthening the functions of the institution is made thoroughly known to everyone involved. To carry out this type of institutional development, it is necessary that both previous distribution of resources and decision making mechanisms be greatly revised and improved, and this can often create friction and confusion.

4. Among JICA's projects, there are both projects which conclude successfully with the desired results obtained, and also examples of projects for which the expected results are not always achieved. Reasons mainly arising on the donor's side for unsuccessful projects can be: unclear objectives, inputs which were not suitable for the project type or project period, overly ambitious plans, etc. On the host country's side, problems may occur because of inadequate support for the project due to changes in national development plans or lack of staff and budgetary allocations. Further, problems may arise because of changes in external conditions, such as drought or the depression of international market conditions. From these experiences, however, we have learned a great number of lessons.

The King Mongkut's Institute of Technology Project in Thailand is one example of JICA's cooperation for institutional development in a developing country. The parent forerunner of the university was a vocational training center in the field of telecommunications established around 30 years ago through assistance from Japan. Initially called the Nondhaburi Telecommunications Training Center, the center had one-year regular and specialist courses, but to accompany Thailand's remarkable economic growth, expansion and improvement of the economic infrastructure became necessary, and greater focus was put on the importance of human resources development in the field of telecommunications. In light of this, it was strongly desired that the function of the project as one of the base points for training in telecommunications in Thailand be strengthened. As a result, in 1964 the center was elevated to the status of university and became The Nondhaburi Institute of Telecommunications, with 38 people in the first graduating class the following year in 1965. Subsequently, the project was further expanded and strengthened through the eagerness and effort of the Thai side and the continuous cooperation from Japan. At present, the King Mongkut's Institute of Technology, which has a large campus in the suburbs of Bangkok, has grown into a national university, with a present enrollment of 6000 students and nearly 700 graduates each year entering Thai society, and is contributing to the extensive development of Thailand's present telecommunications services. Although a comprehensive evaluation of the project can be left to another occasion, it can be said without mistake that this cooperation, according also to the evaluation of the Thai side, has obtained great results for institutional development in the field of telecommunications in Thailand, even though it can easily be imagined that a great deal of trial and error was repeated in the process of one training center transforming itself into a national university and, as an institution, sinking deep and strong roots into Thai society.

In reviewing this project from the viewpoint of institutional development, we can observe the following special characteristics of the project.

- 1) The objectives of the project conformed very closely with the targets of the Thai national development plans to strongly advance human resources development for telecommunications and other fields necessary for the economic infrastructure, the key to Thailand's industrialization.
 - 2) Support from and coordination with related organizations were quite good. Although initially the project was in the field of telecommunications, human resources development, namely, educational training, was an extremely important component of the project, and there was consistent control of the project by the Thai Ministry of Education, and support from the Thai Ministry of Transport and Communications.
 - 3) The project strove to meet the changes in the pace and condition of Thailand's socioeconomic development and to adjust to the changes in accompanying needs during the entire period in which the project gradually expanded and strengthened its organization and systems by growing from a training center to a three-year telecommunications institute to a five-year engineering university.
 - 4) Cooperation was sustained, as assistance by the Japanese side did not end within a short period but continued over 30 years, through the dispatch of experts, acceptance of trainees, and so.
5. If we consider how JICA's project-type technical cooperation activities implemented until now have contributed to institutional development in developing countries, if we consider what sort of impact they have had, we must make such evaluations according to whether our projects, as in the example of the King Mongkut's Institute of Technology Project mentioned above, have helped to establish sustainable and independent development. Accordingly, to judge whether a project has ensured this sustainable and independent development, what sort of indicators should we use? Based on review of and conclusions drawn from our past experience, we believe the following criteria, expressed as questions, are valid for evaluation.

1. Are the project's objectives in line with the targets of national development plans?
2. Is the project's scope of activity clearly defined?
3. Are the project's objectives clearly aligned with real needs?
4. Has a concrete plan of implementation, based on clear objectives and suitable technology, been formulated?
5. Have the potential beneficiaries of the project been clearly identified?
6. Has a sufficient number of necessary staff been secured? Are they being given necessary training?
7. Have necessary support systems with other organizations, agencies, etc. been established?
8. Has coordination with other aid agencies in the same field been planned for? Do their activities conform?
9. Have necessary operating funds been obtained?

10. Has sufficient consideration been given to the environment, WID, absolute poverty?
11. Has sufficient analysis been given to external factors or conditions which could affect the success of the project?

When the above criteria were not met, JICA projects often faced problems during implementation, and ensuring positive results and sustainability were found to be difficult.

6. We have found that the conditions, provided they are met, mentioned in the previous section, are primary factors leading to the success, which is the realization of sustainable development, of projects attempting to support institutional development in developing countries. We fully recognize the importance of a systematic project cycle, linking planning, implementation, and evaluation. During the planning stage, genuine needs must be grasped through a participatory approach, conformity with the national development plans of the receiving country maintained, the project's goals and scope of activities clarified, and external factors which could undermine the success of the project sufficiently analyzed. During the implementation stage, constant monitoring to verify whether the progress of the project is reaching towards the project's goals and objectives must be carried out, while at the same time consideration should always be given to changes in the external environment of the project. Further, the timing of dispatch of experts, provision of equipment and materials, and other inputs must be adjusted, depending on any changes in external factors, and mid-term and final evaluations constantly fed back into the project.

For institutional building which supports stable socioeconomic development, we at JICA believe that the improvement, diffusion, and absorption of technology so that it accords with the society is of extreme importance. Based on the recognition that ensuring the future sustainable development of cooperation projects JICA supports is indispensable, we advance the kind of projects described previously which have a systematic planning, implementation, and evaluation project cycle in which there is a logical coordination among the project components. In order to assist in the operation and management of these projects, we are developing a project cycle management methodology, and through trial and error and through listening to and utilizing the experiences of other aid agencies and the research results of scholars in relevant fields, as well as the experiences of Asian countries, we hope to make this methodology more effective and sound.

In summary, whether many developing countries can attain sustainable, independent, and equitable development depends, as the example of the project in Thailand cited earlier shows, on the earnest recognition by the recipient country itself of the importance of institutional development and the uninterrupted support by the donor country. Accordingly, development assistance, particularly the objectives of technical cooperation, must aim at supporting this institutional development, specifically the expansion and strengthening of institutional capabilities.

In order to carry out effective institutional development in developing countries, then, nothing is more important than that both assisting countries and recipient countries recognize its importance and make long-term commitments. Since JICA was established 19 years ago, we have been supporting institutional development in developing countries, based on our motto "Human development, nation building, and

heart-to-heart communication.” However, we now strongly feel once again the importance of this endeavor and, using the precious experiences we have accumulated from the past and the opportunities for dialogues with our counterpart countries as a stepping stone, we would like to devote from now even greater effort to this goal.