UD

Evaluation Report 3.98

Institutional Development promoted by Norwegian Private Companies and Consulting Firms

Development through Institutions?
Sub-study 3

Andante-tools for thinking AB
Sweden

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EXECUTIVE SUMMARY

BACKGROUND

This study is one of four parallel studies being undertaken by the Norwegian Ministry of Foreign Affairs. The overall objectives are: to examine and compare institutional development strategies, experiences and outcomes within channels for Norwegian bilateral aid; to increase the understanding of what factors influence and contribute to institutional development, and how public and private organisations in the South change and interact within this context; and to contribute towards revising strategies for improved institutional development.

The studies each cover a major channel of bilateral aid; institutional cooperation (between public organisations), cooperation between universities, support through NGOs, and support through private companies and private consulting companies. This report covers private firms and private consulting companies.

POLICIES AND STRATEGIES

At first, we looked at the policies relating to institutional development in respect of private firms and consulting companies. We found that the policies and strategies formulated in order to give direction and content to institutional development over the years do not provide a clear and consistent message to the organisations. Definitions vary, and some of the directives are too wide to be of any assistance in focusing activities. It is necessary to agree on the terminology of institutional development, to give priority to sectors, levels of intervention and to categories of recipient institutions, otherwise the efforts in institutional development will dissipate. It would be helpful to install mechanisms for financial follow up of strategic policy intentions.

EXTENT OF INSTITUTIONAL DEVELOPMENT

In the two channels that we have studied, private firms and private consulting companies, there are relatively few activities that can be called institutional development. Most organisations, as well as NORAD itself, use a definition which equates organisational development to institutional development. Using this definition, the total annual expenditure on institutional development in the industrial development department would amount to 55 million NOK, or around 15% of the department's total budget. There are some 26 firms engaged in institutional development (again with the use of the same definition), half of which are private firms and half consulting companies. The most com-

mon is that firms under take feasibility studies, or deliver machinery and equipment, or undertake training programmes, with little or no relation to institutional development.

We have found some promising examples of institutional development in our case studies. In particular, we have looked for examples of institutional development that go beyond organisational development. The impact of such interventions can be significant. The authorities in the recipient countries have initiated these components, and they often undertake them without much technical assistance from their Norwegian partners. The demand for cooperation is there, but NORAD and the Norwegian firms are often slow to pick up the challenge. Private firms and consulting companies can have positive roles to play in institutional development, but much remains to be done before these roles can be realised.

NORAD'S ROLES

NORAD has an important role to play, but needs clear and consistent strategies at all levels. There is also a need to develop the capacity in institutional development analysis, both to assess projects, to monitor and follow up, and maintain strategic control over activities. NORAD's roles shift considerably; there are cases where a very extensive set of roles is necessary, and yet at other times there is only need for a few strategic inputs. The differences will largely depend on the capacity of the other actors, and the environment in the developing country.
A review of international experiences indicates that the achivements in institutional development are generally low. It is a difficult intervention area, and many donor agencies have gradually come to realise that their success rates seldom are higher than some 25 - 30%. But the more hardware oriented, and the more practically oriented the projects are, the better do the institutional development results tend to be. There is an old truth in that the less aid is needed, the higher are the chances of success.

FINDINGS IN RESPECT OF PRIVATE CONSULTING COMPANIES

During the study we looked at three cases of private consulting firms that had institutional development components. These show that it is indeed possible, feasible and desirable to channel such assistance through

private consulting firms. The process of technology transfer was designed in many different ways, and most projects followed several paths to build up individual competences. One project had an elaborated formal training structure, with a heavy emphasis on degree courses abroad. Yet another had a totally ad hoc approach, with little formal, structured training but a heavy emphasis on on-the-job training. Other projects showed different types of counterpart arrangements. The point is that all these approaches seemed to work under the conditions reigning on the particular project. Successful technology transfer thus largely depends on careful tailoring of the inputs to the conditions on each project.

Organisational development also followed different approaches. In one case, the approach was largely determined by the legal framework for interventions (Indonesia), which left considerable questionmarks in respect of how the achievements are to be sustained. The project organisation in the form of a joint organisation between Norwegian and Indonesian firms appear to promote effective and efficient implementation, but does not solve the long-range organisational issues. Overall, the organisational situation was floating, and the capacity to handle this uncertainty would be a major skill. But it is a practical skill, and there is a very practical bottom-line in terms of paying salaries, renting office space, and managing services, which has to be solved.

Systems development , or broader aspects of institutional development, were addressed on two of the three cases, but in very different terms. One of the projects had planned these activities and stipulated them in work plans, but on the other the planning was very loose, and depended on incremental learning. It is not possible to say which will be more successful. The full effects cannot be verified for many years to come, even though both projects have to be commended for the efforts they make. As the cases show, it is always possible to discuss how clever the particular arrangements are in overcoming inherent difficulties in institutional development.

The cases also show differences in the roles and responsibilities of the partners. In one case, NORAD had a highly visible and active role, in the other cases NORAD left most of the planning, implementation and follow-up to the other actors. The question is if institutional development had been more actively pursued if NORAD had played a more active role. Though NORAD made a positive contribution on the one project, it is also widely recognised that there is a need for NORAD itself to upgrade its skills in institutional development.

FINDINGS IN RESPECT OF PRIVATE FIRMS

The three cases of private firms show that institutional development is possible, feasible and desirable through the channel of private firms, but often neglected. However, compared to the channel of private consulting companies, there are significant problems in defining the appropriate level of locating the institutional development impact. It is above all in respect of the market that it is interesting to speak of an institutional development effect, both from the practical and from the theoretical point of view. But the market is an illusive phenomenon, and the interests of the firms do not necessarily lead to the best market development impact.

However, it is not only private firms which may have an impact on market development. Governmental institutions such as anti-trust authorities, price supervision bodies, consumer ombudsmen, could also be targeted for Norwegian development cooperation. But, these would by definition constitute another channel, hence there is a need to transcend the concept of channels and at times to focus on economic and social sectors instead.

Technology transfer was generally not much planned by the private firms. It occurred ad hoc, and often the firm in the developing country had to pay a large share of the costs. Much of the technology transfer took the form of transfer of documents and technical information. Organisational development also took place ad hoc, and with a high degree of control from the Norwegian firms.

The fact that all three cases portray situations where Norwegian firms invest in majority share holding may give a bias to the conclusions in respect of this channel, but the processes we have described are still interesting in their own right. But to understand technology transfer and organisational development it is necessary to leave the common framework of development assistance projects and instead realise that we are now discussing the internal corporate management of international firms, which follows another logic.

NORAD is not much to be seen once they have approved the loan, or training grant, or whatever instrument which is applied. There is a format for follow-up, which is applied, but whether it has any real clout - or even whether it should have any cannot be discerned in respect of these cases. It would be in a situation of crises, where possibly NORAD could intervene in management. But we have not seen any such crises, and thus we cannot tell whether NORAD actually would have the capacity to detect any signals that the projects went wrong - or even that it would have the power to do much about it.

COMPARING THE TWO CHANNELS

In conclusion, many of the common-sense assumptions about the nature and process of institutional development have to be reconsidered. The origin, process and outcomes are far more dependent on specific circumstances than we tend to assume. Perhaps more extensive studies, with much larger samples of cases will reveal other patterns, but we doubt it. The findings here are generally supported by concepts and theories in the sciences of organisational complexity, building on rapid responses to emerging situations, organisational learning, and capacities for self organisation.
There are some differences between the two channels. The private firms were often found to have clear and commonly understood objectives for technology transfer and organisational development. These objectives followed from the integration of the subsidiaries in developing countries into the structures of multinational firms. At the same time, the projects followed (ad hoc) incremental steps in implementation, for example in respect of personnel training and organisational development. The organisations in developing countries often shared significantly in the costs. Interestingly, competent individuals rather than strong organisational counterparts seemed to be important for successful technology transfer and organisational development.

The private consulting firms, on the other hand, had more problems with objectives and with measurement of results. Also, blue-print approaches to project implementation seemed to be doing rather well, contrary to what one might expect.

The local partner organisations play a far more more prominent role, both as clients in the contract relationship and as the ultimate beneficiaries of the interventions. The local organisations were very aware of the necessity of institutional development, and were the first to express a keen interest in such activities. So in these respects we found significant differences between the channels, differences that can be explained by the nature and interest of firms, and the working of competitive forces and governmental regulations.

But there are many instances in which the two channels are similar. We found no significant growth in institutional development activities, but we did find a common knowledge that it would be important to get the basic production right before venturing into more elaborate organisational and institutional development activities. However, these levels may be far more closely integrated than we commonly see in project designs. It is also encouraging that institutional development can be undertaken under turbulent conditions, and it is not necessary to seek out the stable and safe environments in order to launch institutional development projects. In both channels we found a significant convergence in the understanding of the role and importance of institutional development.

RECOMMENDATIONS

The final chapter of the study contains recommendations for the future. We have divided these according to the different actors that play a major role in institutional development.

At first we address the Ministry for Foreign Affairs. In brief, there is a need to define the concepts and terms of institutional development and to ascertain that the policy-making instances in government use these terms consistently and clearly. Furthermore, there is a need to define the policy content and establish priorities in times of conflicting interests. The Ministry has an important role to play in coordinating Norwegian efforts in institutional development with efforts of international organisations. The Ministry must provide for competence development and backstopping support to embassies where there are no NORAD representation, but which play a major role in development cooperation nevertheless.

Secondly, we address NORAD's management. Our recommendations focus on the setting of sector frameworks to operationalise institutional development objectives. It is necessary to establish budget lines that make it possible to follow progress in sheer financial, allocative terms. The second most important area is to define the competence needs for NORAD to play a more constructive role in institutional development, and consequently to devise methods of how to acquire the necessary competences.

At the level of desk officers, the most important recommendations concern how to find ways of handling the complexity of institutional development projects. This will include more extensive use of pilot projects, closer collaboration with recipient country stakeholders, priority to projects areas where some achievements have already been completed, and careful timing of interventions.

Our recommendations to private firms and consulting companies include investing in competence development, building on local management, and creating transparency in institutional development activities. These are all means that would put the actors in a better position to support institutional development.

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

When Douglass North was awarded the Nobel prize for his contributions to economic history, a wave of interest in institutional development followed. This may seem strange, as the work he was awarded the prize for had appeared many years earlier, and many other researchers had for long been working on institutional development. Fashions come and go but irrespective of fashion, nobody, either in academia or as practising development economists, can ignore institutional development any longer.

But what does it really mean? In their seminal work on institutional development, North and Thomas (1973) focus on *«those institutional arrangements which enable units to realise economies of scale (joint stock companies, corporations), to encourage innovation (prizes, patent laws), to improve the efficiency of factor markets (enclosures, bills of exchange, the abolition of serfdom, or to reduce market imperfections (insurance companies). Such institutional arrangements have served to increase efficiency. Some could be created without changing existing property rights, others involved the creation of new property rights; some were accomplished by government, others by voluntary organisation.»*

North and Thomas were above all interested in explaining growth, and hence they tended to focus on aspects of institutional development that make the markets for economic transactions effective, and in particular on the role of property rights. At times they speak of markets as one of the fundamental institutions of society; hence institutional development also implies the development of markets, as well as of governmental functions. In North's later work, institutional analysis, very broadly defined, moves to centre stage. «In our daily interaction with others, whether within the family, in external social relations, or in business activities, the governing structure is overwhelmingly defined by codes of conduct, norms of behaviour, and conventions» (1990, p.36). He then argues that «institutional frameworks», are «the critical key to relative success of economies».

Aid agencies became more manifestly interested in institutional development in the early 1990s. It was considered surprising, and path-breaking, when the Managing Director of the World Bank, at the Banks annual meeting in 1991, said that: «The East Asian NICs and their successful emulators are a powerful argument that a more activist, positive governmental role can be a decisive factor in rapid industrial growth». The statement signalled that the bank was ready to shift its perspective on the state's role in development.

Knowledge about the role of institutions in building societies, were of course not new, but its rediscovery in leading circles of economists showed that the political hegemony of neoliberalism had passed its zenith. Two studies in particular are worth mentioning, as they played important roles in redefining the conditions of development. Amsden (1989) and Wade (1990) consider the construction and execution of projects based on a symbiotic relationship between the state and industrial groups. The state's contribution to to such shared projects are crucial, but they also require developmentally engaged partners on the societal side.

Amsden argues that «late industrialisation» requires state intrusion. The first industrial revolution was built on laissez faire, the second on infant industry protection. In late industrialisation the foundation is subsidy, which includes both protection and financial incentives. The allocation of subsidies has rendered the government not merely a banker, but an entrepreneur, using the subsidies to decide what, when and how much to produce. In addition, the state must impose performance standards on the interest groups receiving public support. The combination of incentives and performance does not just shape the behaviour of existing industrial operations; it enables the state to coax into being a set of entrepreneurial groups that can serve as the societal side of a joint project of industrial transformation. Amsden studied Korea; Wade similarly concluded that «Taiwan's industrial success lay in the governed market, a series of policies that enables the government to guide market processes of resource allocation so as to produce different production and investment outcomes than would have occurred with free market policies».

In spite of the resurgence of institutional analysis in the 1990s, the starting point goes further back. The work of Weber and institutional economists like Polanyi, Gerschenkron, Braudel and Hirschman are the places to start. Polanyi (1957) provides a keen sense of the degree to which the markets depend on state action. Weber (1968) offers a powerful hypothesis as to what kind of internal organisation is likely to give states the capacity to construct markets and promote growth. Gerschenkron (1962) and Hirschman (1958) make it clear that state - society relations, particularly those that link states and entrepreneurial elites, are as important as markets. Braudel (1980) brings in the long-term historical relationships, and point to the increasing sophistication and globalisation of the market mechanisms.

More recently, Evans (1995) advanced a sociological

theory on how economically underdeveloped states successfully industrialise. Evans asserts that the more state agencies approximate Weber's ideal type bureaucracy (e.g., insulation from external interference, a merit based system of recruiting experts, an ample security and reward system) the more they can successfully spur economic development. But Evans further suggests that bureaucratic autonomy is insufficient. Bureaucracies must also become embedded in concrete social ties that bind them to society. How bureaucracies provide institutional channels for continual negotiation of goals and policies with external groups is crucial for development.

Evans identifies a combination of four major roles that the state plays in economic development. As custodian, it provides protection, policing and regulation of infant industries, as midwife it attracts private enterprise into new sectors by subsidies, tax breaks and other devices; in the husbandry role, it teaches, cultivates, nurtures and prods entrepreneurial forces that have been activated; as demiurge, it becomes directly involved in productive activities that complement private investment, only to denationalise later when industries are established. Evan's analysis thus provides a broad spectrum of examples of the meaning of institutional development; that is, development of the functions that sustain the state's activities in these four roles.

However, institutional development does not necessarily have to be confined to the institutions that generate economic development - or growth. As an example, Putnam (1989) provided a rich expose of institutions that sustain democratic development, including the institutions of civil society. The term institution may itself be closely linked up with the notion of society, and may be described as an emergent phenomenon, an illusive and subjective component in the social construction of reality (Castoriadis, 1987). It is a concept which is closely linked to the abstract formation of society (James, 1996).

The prevalent view is that institutional development is closely linked to the concept of development itself. In fact, taking a broad look at the development literature, it seems as if institutional development not only explains development, but is synonymous to development. When practitioners and policy makers in development cooperation nowadays turn to institutions, they are going back to the core issues of the reasons for aid.

1.2 PURPOSE

Like many other donor organisations, the Norwegian government has emphasised the concept of institutional development through White Papers and strategies during the 1990s. Institutional strengthening or capacity building for sustainable development has become a cornerstone and important rationale for Norway's involvement in international development cooperation. But institutional development and related concepts such as organisational development and capacity building appear overused and ill-defined among development agencies. The terms are used without clear operational definitions, and it is thus uncertain how much change that actually takes place, and whether there really is any progress in addressing institutional development.

This study is one of four parallel studies being undertaken by the Norwegian Ministry of Foreign Affairs. The overall objectives of the four studies are :

(a) to examine and compare institutional development strategies, experiences and outcomes within channels for Norwegian bilateral aid,

(b) to increase the understanding of what factors influence and contribute to institutional development, and how public and private organisations in the South change and interact within this context,

(c) to contribute towards revising strategies for improved institutional development.

The studies each cover a major channel of bilateral aid; institutional cooperation (between public organisations), cooperation between universities, support through NGOs, and support through private companies and private consulting firms. This study treats the experiences in institutional development of private companies and private consulting firms. In reality, these are two separate channels, but both channels are treated within the same report. However, even though there are many similarities between private companies and private consulting firms, there are also differences. The purpose of this study, is more specifically to collect and assess experiences with institutional development. This means to look at capacity in and between organisations, as well as to study institutional development from a broader perspective with a focus on linkages between organisations and sectors.

1.3 DEFINITIONS

Even though there is a widespread agreement at present on the importance of institutional development, a closer look at the literature (and praxis) reveals that the terms are widely disputed and quite problematic. Many use the term as a synonym for organisational development, others focus on markets, legislation, or even norms, values and other aspects of culture in ge-

neral. As the studies commissioned by the Ministry have a practical task, we will return to the definitions when we come to recommendations for the future, as the choice of words have clear practical consequences. But we also need a set of definitions to help us through the empirical part of the study. The authors of this, and the three other studies, as well as the coordinating consultants from Diakonhjemmets International Centre, and the reference group have agreed to work with the following definitions of the terms and concepts related to institutional development.

It seems that most concepts refer to and can be classified along two variables: (1) the intended level of intervention (from individual and organisational to sectoral and systemic levels), and (2) the type and composition of activities (from training and O.D. activities to establishing/enforcing rules and regulations for effective functioning of sectors and systems).

This means that the concepts refer to activities at various levels of society. But there are not always clear cut borders between neither levels nor activities - and the broader concepts often encircle the more narrow. The terms provide and express direction and intention - more than conceptual rigour.

The process dimensions can be defined as:

(1)   Human resource development, which is concerned with education and training, how knowledge and skills are transferred to individuals, competence built up and people prepared for their current and future careers.

(2)   Organisational development, which seeks to change and strengthen structures and processes in specific organisations in order to improve organisational performance. There are variations between theories and strategies, but they have in «pure» form the following characteristics: (a) focus on individual formal organisations and particularly their internal functioning, (b) less attention paid to external contextual influences on performance, (c) concern with internal organisational changes, and (d) activities include education, training, advice.

(3)   Systems development, which is a broader concept than organisational development. In addition to a concern with human resources and the development of particular organisations, it includes an emphasis on linkages between organisations and the context or environment within which organisations operate and interact. It is useful to make a distinction between three system levels:

(i)   The network and linkages among organisations which include the network and contact between organisations that facilitate or constrain the achievements of particular tasks.

(ii)   The sector environment referring to laws, regulations and policies of the public, private and civil sector that constrains or facilitates organisational activities and affects their performance.

(iii) The overall context of norms and values which encompass the broad action environment for the organisation, beyond the sector - including the economic, social, cultural and political milieu in which organisations operate, and the extent to which conditions in this broader environment facilitate or constrain the functional capacity of organisations.

This view of institutional development underlines the interaction between micro (internal) and macro (external) factors determining how organisations translate their capacities into actual performance. Institutional development is thus a systemic change process that improves the performance of organisations in relation to their goals, resources and environment.

Capacity development is also a term used in connection with institutional development. Capacity refers to the ability of both individuals, organisations and systems to perform their functions more efficiently, effectively and sustainably, and capacity development includes all processes which seek to improve and strengthen such abilities at individual, organisational and systemic levels.

In the definitions above a line is drawn between organisations and institutions - a line which in practice is often blurred. But we believe it is important to keep a distinction between the two terms and between organisational and institutional development. Influential literature maintains the difference, though interdependent processes underlie organisational and institutional development. Influenced by institutional economics several reports advocate that institutions represent «the rules of the game» in society - the norms and rules which guide and constrain the behaviour of individuals and organisations and shape human interaction, while organisations are the actors or «players».

The purpose of the rules is to define the way the game is played, while the objective of the players is to win the game by a combination of skills, strategy and coordination following the set of rules, or through efforts to change them. Institutional development refers to activities geared towards guiding and regulating the environment in which organisations operate (the three levels mentioned above). Institutional development con-

tributes to the framework within which organisations are placed, is a wide and holistic concept which implies an open-systems view on organisations.

Institutional (or organisational) cooperation comes in another category than the concepts above. It is actually one of several tools to be used in order to strengthen organisations by job-specific skill upgrading, procedural improvements, training and advice, etc. Institutional cooperation represents formalised long term cooperation between two similar organisations to achieve mutual capacity strengthening.

Definitions are necessary, and those above are open enough to let us interpret institutional development according to specific circumstances. They are also rigorous enough to let us concentrate and, in the final end, arrive at workable recommendations. The reader should take note that NORAD and its conracting partners often assign other meanings to these terms. Hence, many times we end up studying other things than are covered by the term institutional development in project documents, work plans and other other expressions of plans or intents.

1.4 METHODS OF STUDYING INSTITUTIONAL DEVELOPMENT

As this is part of a broader framework of studies on institutional development, many of the methodological choices were already made when we started our work. The terms of reference for the study are enclosed as annex 1, and here the reader can take part of how this study is coordinated with the others, which mainly occurs through definition of terms, work plans and mandates. It was also decided that case studies would play an important role in the documentation of experiences, and it was decided that six cases were to be analysed; three in respect of private firms and three in respect of private consulting companies. The cases were identified in Tanzania, Indonesia and Palestine. Based on these starting points, the progress of the inquiry can be described along three major phases:

Desk study and survey phase

One part of the mandate was to assess the state of the art of institutional development in relation to the two channels that we consider here; private firms and consultants. This was done as a desk study, where we have looked for literature under the headings of technical cooperation and institutional development. We have also reviewed the past few years of the debate in leading scientific journals, and we have looked for evaluation reports among major international donors; the UN system, the international development banks, the European Community's aid programmes, and the Nordic countries.

Several of these studies touch upon institutional development, and a handful focus on such issues exclusively. We are fairly confident that we have covered most of the published books and articles on the subject, but it is not so obvious that we have retrieved all information from aid agencies. There are still no systems that enable external users to look for, identify and retrieve evaluation, policy studies, or even works such as this. The choice of literature and references in this field is thus rather haphazard. It depends on what you come across in the archives and what people choose to tell you about.

In the first phase we also designed a survey instrument, a questionnaire, which we sent out to all Norwegian firms that could be identified either as private firms under the aid programme, or as consultants (many companies ended up in both categories). We located a total of 76 companies (listed in annex 2) whom we sent the questionnaire to, and we received a total of 37 responses. We should mention that this included a pilot questionnaire which was sent to 12 companies, and where we received 8 responses. The pilot survey was done to check the questionnaire, and each respondent was followed up with a personal call to discuss the questionnaire. There were some minor changes, but as there were no misunderstandings, we proceeded to distribute the questionnaire to the total population of firms. The questionnaire is attached as annex 3.

The response rate is low, and the question is why, and what that means for the interpretation of the answers that we got. We do not think that questionnaires were lost, or never reached the right address. Most were directed to a person, and we had updated postal addresses from the Norwegian Kompass. As it is not likely that the questionnaires did not arrive, we must conclude that the respondents decided not to answer, not even after a reminder was sent out. A follow-up on telephone confirmed that many of the firms had indeed received the questionnaire, but were not engaged in anything resembling institutional development and hence did not reply.

In the next chapter we discuss the findings of the questionnaire. These indicate that few private firms and few consultants undertake anything which could be called institutional development, but if we assume that all the non-respondents are found in that category as well, the conclusions would be even stronger. In all, it is reasonable to assume that most of the companies who did not respond also do not undertake any institutional development activities.

Interview and case study phase

The next step was to penetrate further into experiences of institutional development. First we selected 15 private firms and consulting firms for interviews (listed in annex 4). Each firm was visited, and we had an interview with the person or persons engaged in the NORAD financed projects. Each interview took around two hours, and followed an open ended but structured format. The interview format is enclosed as annex 5. The selection of interviews was made so that they represent companies in both the two channels; that is, both private firms and private consulting companies. Also, we made sure that these companies actually had experiences of institutional development; that is, we did not select firms that were not interested in the subject, or who were not knowledgeable about whether they actually did anything which could be called institutional development. There is a positive bias to the sample.

There is an even stronger positive basis in the selection of cases for in-depth analysis. These were selected on the basis of inputs from NORAD to the reference group for the whole set of studies of institutional development. There is thus a logic to the selection of countries and projects that go beyond the methodological consideration for this study. They were chosen as examples of projects where there are interesting experiences that deserve to be documented. The aim was to learn from the good examples.

The six projects were each visited by three consultants, two from Scandinavia and one from the region where the project took place. The visits followed a structured approach, with interviews with different personnel categories, and with external agencies as well as with the organisation who were directly involved in the project. Each case study builds on around 20 interviews, with people in project management, with Norwegian advisers and experts, where any such were present, as well as with counterparts, trainees, and other staff members. In some cases there were fewer interviews, in particular Dyno in Indonesia should be mentioned, as we only interviewed 7 persons on that case.
As part of the case studies, we also interviewed the programme officers in NORAD who were in charge of the projects - or who were responsible for cooperation with that particular country. After the interviews, we wrote up the full case studies that are presented in chapter 3 of this report. The case studies have been verified by NORAD's programme officers, and by the Norwegian firms engaged in the cooperation, or rather, they have had a chance to look at the studies and provide comments. We have of course corrected factual errors, but the assessment and valuation has been done by us, and we assume the responsibility for that.

Analysis and presentation

Whereas the empirical work of this study is a joint team effort, the aggregate analysis and the presentation of the report has been completed by one person, the team leader. The reasons for this choice has largely been practical. Time was short, and the comparative aspects play a major part in the final analysis. However, all team members have taken part in reviews of the draft report, and there are no comments or remarks that go against the opinions and views of any individual team member. Hence, our collective experience from conducting the case studies is hopefully captured in the report. As the presentation of empirical data forms an important part of the whole, it should also be possible for the reader to follow the development of the arguments. We have tried to make the analysis as transparent as possible, and we hope that the reader can make up his or her mind independently of our conclusions.

Validity and reliability

The main task of this study, as we have interpreted the purpose and objectives, is to discuss what NORAD could and should do concerning institutional development, and we have analysed the cases with the intent of finding out what institutional development practically means in the context of each case. Hence, the study is not of the character where its conclusions are threatened by lacking validity and reliability. We have not selected cases or conducted interviews in such ways that our concepts can be validated through the research process. On the contrary, we have seen this as a discussion about the actual content of these words, and as a way of developing valid concepts in the future.

But institutional development is a broad concept. We must confess that both human resource development and organisational development have been of less interest to us - not because these subjects are not important or meaningful in their own right - but because in relative terms it is the systems development part of institutional development which is less covered by other studies. We looked for such activities in the case studies, and when we found any we pursued the questions of what they were, what people did, who did it, and what the likely effects were. Practically speaking, there is thus a bias to our treatment of institutional development. We focus on the third, highest and most abstract level of systems development in order to make these things more concrete and amenable to practical interventions.

Similarly, reliability is not critical in the normal sense of the word. Naturally, we would expect that an interviewer repeating our study would get the same ans-

wers. However, the reliability is not central to whatever value the conclusions may have.We have gone about the task in such a way that we think reliability is high;, we have almost always been two persons present during interviews, we have taken notes and written down protocols immediately after each interview, and shared these in the team. We have also sent the case studies back for comments/clearance by those immediately concerned in the project environment. Reliability is likely to be high, but the study is not dependent on a very high reliability of the research process.

Hypotheses

During the discussion with members of the other teams, it was agreed that we should develop some guiding hypotheses for the studies. This was done during a joint meeting in Oslo in August 1997, and the hypotheses are presented here. They can of course not be tested in the statistical sense of the word. The method is to make our assumptions and expectations clear, and as a presentational devise. It is also a signal to us, and to the reader, when we should be surprised about the findings - and thus perhaps when we should be particularly concerned about issues of validity or reliability. The hypotheses are organised around five key dimensions of the study.

Concepts and intentions

1. Norwegian organisations (involved in aid) are increasingly engaged in institutional development (changes in quantity), and there has been a gradual shift in emphasis from physical to human and social capital (changes in quality) .

2. Objectives are used with multiple meanings, are unclear and difficult to measure.

3. The institutional development objectives of the funder dominate those of the recipient throughout the chain.

Strategies and actions

4. There are few relevant operationalised objectives that allow organisations to effectively target institutional development.

5. Institutional development is mostly understood as support to specific organisations, and refer seldom to strengthening of organisational linkages, sector or system support .

6. Most of what is carried out as institutional development represents transfer of hardware and technical knowledge, and is not specifically geared towards human and organisational capacity building in the recipient organisations.

7. In spite of new policy directions which emphasise institutional development the realities of programmes remain the same.

8. There is a movement from value driven to commercially driven incentives in institutional development efforts.

Relevance and outcomes

9. Systems for monitoring and evaluating changes in institutional development are not in place, and there are few benchmarks/standards to assess quality of performance.

10. The policy intentions (rhetoric) of institutional development is not reflected in implementation.

11. Activities aimed at addressing lower level concerns (e.g. individual skills) are more likely to achieve their short term objectives than those aimed at higher level outcomes.

12. Activities which successfully address lower level concerns are less likely to achieve sustainable improvements than those which successfully address higher levels concerns.

13. Differences in objectives and design have less of an impact on institutional development than do difference in organisational capacity to implement programmes..

14. There is frequent disagreement between key stakeholders on the relative importance of project outcomes.

15. Institutional cooperation ends when donor support discontinues.

Explanations. The institutional development is more successful;

16. when cooperation is initiated by Southern organisations and based on their demands (demand driven), and not by Northern donors and organisations (supply driven),

17. when Northern and Southern counterparts have similar and not conflicting commitment to and/or understanding of institutional development,

18. when collaboration is initiated and mobilised by committed individuals, and later incorporated and supported by broader network of actors and organisational structures,

19. when an emergent, flexible step by step approach based on continuous mutual adjustment is followed in planning and implementation, and not a fixed blueprint strategy,

20. when both parties are trained and have the skills to handle the technical and social/cultural aspects of cooperation,

21. when there are «strong» Southern organisations (with high levels of efficiency and ability to manage change),

22. when the external environment is relatively stabile and not too turbulent and unpredictable,

23. when support from several donors to the same organisations are coordinated,

24. when there is clear policy direction, but no strong supervision and monitoring from NORAD,

25. when the selection of cooperating partners is based on systematic sector studies and organisational assessments.

Comparisons

26. Observations and findings in comparable international studies reveal similar patterns as in the Norwegian cases.

27. Aid organisations from different sectors have consistent objectives in respect of institutional development.

28. There are some key variables that explain variation in outcomes in all channels.

29. There are specific factors in each channel that explain internal variation.

30. Local ownership and sustainability is generally higher when the organisations are business-oriented firms or value oriented NGOs than public institutions. (The structure of incentives are different between the sectors.)

31. Institutional cooperation (twinning as opposed to individual technical assistance) is based on the following assumptions:

(a) stabile long term partnership as opposed to short term contracts and/or funding of single projects,

(b) organisational continuity as opposed to individual vulnerability

(c) access to broad organisational resources as opposed to limited individual knowledge,

(d) higher cost effectiveness than other forms of international technical assistance.

32. Institutional cooperation (twinning) has a limited impact on improving organisational performance compared to other factors.

A guide to the reader

The structure of this report is plain. The first section deals with NORAD's policies and strategies, and seeks to explain how the government White Papers are translated into practice. This is contrasted to the main instruments of assistance, or rather, it is discussed what the conditions for institutional development are within these. Chapter 2 thus deals with the policies and practices in Norwegian bilateral cooperation at a general level. The chapter also presents the results from our questionnaire to Norwegian firms and the interviews with Norwegian companies (not the case studies though). The chapter also compares Norwegian experiences to those of other donor agencies.

Chapter 3 presents three case studies of institutional development through the channel of private consulting companies, and Chapter 4 presents three private firms. Each case study consists of 5 to 10 pages of text, and they follow a similar format. Some are richer in content as there are more institutional development activities in them, regretably, other still hold relatively little of interest from this perspective. Chapter 5 contains a comparative analysis and discussion of the cases.

Chapter 6 finally contains an overall analysis of the experience of institutional development in these two channels; private firms and private consulting companies. In this section we turn to the main themes that guide the study, and bring out the evidence from the case studies, as well as the viewpoints that emanate from written documentation, from the survey and interviews, and from the experience of other donor agencies. The discussion takes the form of tentative replies to the hypotheses mentioned above. The chapter ends with recommendations to the actors concerned with institutional development in Norwegian bilateral cooperation.

CHAPTER 2: PRIVATE FIRMS AND CONSULTING FIRMS IN INSTITUTIONAL DEVELOPMENT

2.1 POLICIES AND STRATEGIES FOR INSTITUTIONAL DEVELOPMENT

Our first task is to identify and analyse the strategies for institutional development pursued by Norwegian development assistance. We could, in theory, identify strategies at several levels. First, there are strategies expressed by the Government through White Papers, and other channels to communicate strategic intent. Second, there are strategies formulated by NORAD itself, for guidance of its entire operations. Third, different departments or subdivisions within NORAD could also establish strategies for institutional development, and in theory these could also be defined in respect of different instruments of cooperation. So, for example, could strategies in respect of credits or parallel financing be different from strategies for programme support or technical cooperation. Finally, the actors who are actually undertaking projects, such as companies, consultants, public organisations, could themselves set strategies for institutional development.

The synthesis report on institutional development will discuss policies and strategies at the first two levels, the government and NORAD. In this text we will confine the discussion to the level of policies in respect of the two channels private firms and private consulting companies. As a starting point it is worth noting that policies and strategies at the higher levels consistently point out that institutional development is an objective and a priority in rspect of all channels of aid.

The first document to review is the guidelines for private sector development (Bakgrunssnotat for Retningslinjer for Norskt Bistand till naeringutviking; Oslo September 1994). Private consulting firms could be engaged under any budget heading, or in connection to any sector or country, so there might be strategy documents in respect of these that we have not located. On the other hand, we may also assume that such strategies at the sector or department levels will mainly reflect the overall policies and strategies reviewed in the synthesis report.

The guidelines of 1994 do not explicitly mention institutional development, in fact, the term does not appear on the twelve pages that we reviewed. But on page 8, it is mentioned that one form of support is through institutions. The guidelines note that investment support and other types of subsidies, should be channelled indirectly to productive firms, mainly through financial institutions and similar actors that provide capital on equal terms to all applicants, so that there will not be any bias in the competitive situation. From our point of view the most interesting aspect of the guidelines are found on page 10, where the examples of possible projects or programmes are mentioned. These levels are presented in Box 2.1 on nest page.

Note that many of these activities are exactly the same as we include in our concept of institutional development; that is, they emphasise links between organisations, the macro-level of policies and enabling conditions, and legislative frameworks. The guidelines do not mention the word institutional development, but have much to say about its practical content. The guidelines for private sector development thus departs somewhat from the other strategy documents. The emphasis is no longer on the development of organisations, but more on institutions. However, there is one aspect of the strategy that surprises us. Most of the literature on development speaks of the market as an institution. Here it would have been appropriate to elaborate on whether bilateral cooperation for private sector development has some specific role to play in strengthening that institution, and if so, what that could possible mean in terms of preparing projects, analysing investment opportunities, etc. But apart from this, the guidelines should be able to serve NORAD in identifying types of interventions and a follow up of how priorities are established in practice. It is a useful elaboration of the policies and strategies that emanate from higher levels, and which show far less consistency and concretion.

Box 1. Four levels of institutional development interventions in respect of private sector activities.

1. Support directed to the development of policies, legal systems and regulations.
• formulation of development policies ...
• review and development of legislation, for examples in respect of property rights, mitigation and registration,
• development of the organisations that administer the legal system
• Development of company legislation, investment laws, regulation of competition, concessionary regulation,

2. Support directed towards public infrastructure.
• development of business counselling services
• industrial and vocational training, management training
• development of institutions for standardisation, certification, quality control, sectoral research institutes,
• counselling services in import – export activities, chambers of commerce, conferences
• counselling services for attracting/advising investors, support to national investment centres or local business counselling offices.

3. Support for the development of relevant private organisations and institutions.
• strengthening/development of sector specific, non-governmental education, research and development institutions,
• strengthening/development of saving and credit facilities in formal and informal sectors,
• strengthening/development of funds for risk capital and the formation of capital markets in the private sector,
• support to the restructuring of parastatals,
• strengthening/development of organisations for employers and employees,
• development of trade organisations

4. Direct support to individual production enterprises.

Source: Bakgrunssnotat for Retningslinjer for Norskt Bistand till naeringutviking; Oslo September 1994

Are there any policies at the next level, which is actually the level where institutional development really occurs, where «the rubber meets the road», so to say. Our questionnaire indicates that 8 of the responding firms consider that they have strategies and policies for institutional development. We will review one of those companies (Blom ASA) in one of the case studies. Yet another which had a clear policy and strategy was Det Norske Veritas. It is worth mentioning as we found their approach particularly interesting, and it builds on a comprehensive view of institutional development.

Their work on improving quality control, stanrdisation and certification recognises three levels of intervention. A macro level of policies, information - sharing and coordination, an organisational development level of working with bureaus of standardisation, and a productive level or working with individual enterprises (private and public). Institutional development (in our terms) occurs first and foremost through the connection between the levels and between the different actors on each level. But, for these links to be established it is first and foremost necessary to develop the production that can be subject to quality control and certification - if that does not exist, there is no need for any institutions. Second, the organisations at societal level that are

to support and assist enterprises are developed as organisations, which is also a precondition for institutional development, otherwise, they will not have any constructive role to play on the inter organisational networks. There is thus a delicate balance to be struck between enterprise development, organisational development and institutional development. As a strategy for institutional development, it is interesting and well worth monitoring.

2.2 INSTRUMENTS OF COOPERATION

In this section, we return to the two channels of development cooperation. First, we are studying private firms, and second, private consulting companies. These is a great deal of overlap between the two channels. As the titles show, both are private organisation. They have to survive on a market, and they do not receive their funds through a governmental budget allocation process. Second, both types of organisations largely create value through intellectual effort. Even traditional engineering firms supply services more than hardware. The software component of most products may be as high as 90%, even in companies such as Kvaerner and ABB. It is very difficult to draw a hard

line to distinguish consulting firms from hardware manufacturers. The services of consulting firms is often extended to include hardware, and the products from traditional production enterprises are also often supplemented by training, technology transfer and after-sales services.

The question is, how exactly do they relate to Norwegian bilateral cooperation? Is there any difference between the two? The logic behind the distinction between these two channels in the present study can be discerned from the terms of reference. First, in respect of private companies, this study is focussed on the direct support to individual production enterprises where Norwegian companies participate. This means that all the activities described under the private sector development programme could in theory be subject to cooperation where private firms are engaged. Even though the private firms may be engaged in institutional development at all levels, it could also be expected that it is particularly interesting to discuss their contribution in connection to commercial deliveries of goods and services, or in relation to their participation in joint ventures. When private firms are engaged at level «a» through «c» (refering to the intervention levels mentioned above), they are actually contracted as consulting firms, and that brings us back to the rationale of making the distinction between the two channels.

The background is to be found in the debate on technical cooperation. The mainstay of technical cooperation was for long individual experts recruited in donor countries and placed on projects administered by aid agencies. However, this mode of assistance came under increasing attack, and often these individual experts are now substituted by broader contracts where the organisation receiving support has a contract to a firm which provides a number of experts and advisers, both on long-term and short-term contracts. The mainstay of technical cooperation nowadays is often a contract with a consulting firm. The consulting firm which is awarded the contract will manage the whole project or programme, and the aid agencies roles are often limited to preliminary negotiations and agreements, providing finances and controlling that aid objectives are met. But implementation lies in the hands of the consulting firm.

There is a broad spectrum of firms that either specialise in such services, or that have them as a sideline. Some have a sector specialisation, as in health, statistics, education, surveying and mapping, or industrial cooperation. Some possess general management competences, others are more engineering dominated. The larger ones span over several sectors and competences. The majority are private (and we discuss the private firms, according to our mandate), but going beyond Norway, consulting groups that undertake the type of

project/programme management described here may be found in the public sector, in universities, and perhaps even among the NGO community. The point of interest here is that we are looking at private firms who are able to undertake project/programme management financed by bilateral cooperation, and they may at the same time assume responsibilities for institutional development.

The private firms will naturally be financed under the Private Sector Development Programme. There are a number of specific instruments, managed by the Industrial Development Department; such as: support for feasibility studies, provisions for loans and guarantees, support for investment in basic infrastructure, support for training, equity investment guarantee, subordinated loan for equity participation, support for training in connection with export, mixed credits, export guarantees, parallel financing, and technical assistance outside priority geographical areas. The industrial and commercial development programmes and the private sector development programmes are designed to provide assistance in line with the objectives (examples of interventions) mentioned under our review above. But there are no funds directly attached to these programmes, instead they are financed under the following modalities; the country and regional programmes, the NGO programmes, the financial schemes for investment support and exports of capital goods, technology and services.

All these instruments may be used to finance interventions that have an institutional development impact, but there is of course no guarantee that this will follow. On the contrary, it may be assumed that the focus on specific instruments lead the intellectual energy away from a focus on the sector which is to be assisted. In fact, there is no sector focus in respect of these instruments. A mixed credit may be provided for technical cooperation in forestry or petroleum exploration; parallel financing could be provided for agricultural development; feasibility study funds for educational projects. Now, these may all be worthy objects of intervention, but there is an evident risk that the private sector as such is not viewed in its totality, as a asector in its own right. Hence the levels identified in Box 2.1 appear to be less used when thinking about what to do and how to achive the objectives, than they merit.

We are thus faced with a kind of multidimensional matrix organisation, where on the one hand we have the financial allocations (country and regional programmes, mixed credits, parallel financing, NGO support, etc), on the other hand we have the sectoral development programmes (as in the private sector, industry and commerce, and others). But the channels we discuss here (private firms and consultants) cut across these. So, a private firm could deliver text books to an

educational project, financed by a country programme. A consulting firm could establish a subsidiary, with financial support in the form of a loan, or an equity investment guarantee.

Institutional development, or any other dimension of aid policy, could be added to this multidimensional matrix. It should be obvious from the review above, that institutional development could be a part of any of the above mentioned instruments, but perhaps more likely in some than in others. It is less likely that institutional development will figure prominently in respect of the guarantees - at least, it would be a highly indirect effect. But it may play a major part when credits or parallel financing are used for service deliveries, and it could also be considerable under the provisions for technical assistance outside priority areas. Of course, we know nothing about such effects, but in theory they could be considerable.

The major purpose with the review is to suggest that the organisational structure, that is, the distinctions between channels, departments, instruments, financial mechanisms, development objectives, is interlocking and complex. The overall structure does not facilitate coordination, and it becomes rather difficult to follow-up on effects, and to base management on knowledge of results.

2.3 THE EXTENT OF INSTITUTIONAL DEVELOPMENT

The difficulties in identifying the actual extent of institutional development became apparent rather soon in this project. The list of private firms and consulting firms provided by NORAD contain the same companies, and this may be either because the two channels are in fact inseparable, or because the firms appear in roles that both resemble the traditional delivery of goods and new forms of service deliveries, and that both take the form of integrated projects.

As a starting point, we were able to identify 76 companies that had received some form of financing from NORAD over the past years. A list of these companies

are enclosed in annex 2, which also contains addresses and contact persons that were used for our survey. So, how many of these were engaged in institutional development? There were 26 responses to the questionnaire, but we contacted another 11 firms to follow up why they did not respond to the questionnaire. Following these interviews, we base our discussion on a total of 37 responses to the questions we had. In total, 26 out of 37 firms confirm that their projects contain some form of institutional development component.

Those who did not respond at first had not been engaged in institutional cooperation at all. Some had received funds that financed a feasibility study, but nothing else had materialised from the work. The projects were perhaps never implemented, or simply did not have any institution building component. Many firms had received finances to secure an export order, either through some form of guarantee, or training provision. In neither case were there any institutional development. If we take the 76 questionnaires as a starting point, we may conclude that the 26 who responded are almost all of the companies that are engaged in institutional development. That means 34% are engaged in institutional development (out of the total population of 76 companies).

But what kind of institutional development are they engaged in? The questionnaire replicated the categories of intervention mentioned in the private sector development programme, and we can thus identify the distribution on different types of cooperation shown in Table 2.1. The table indicates that 50% of the respondents are engaged in institutional development directed at the level of individual production enterprises, which means that it is some form of company to company collaboration, possibly in the form of joint ventures (which was actually 6), or otherwise delivery of equipment, in combination with some form of a training programme (the remaining 7). In both cases is it rather questionable if the cooperation should be called institutional development, but we will discuss more in detail whether market presence could possibly be called institutional development. There is a case for that viewpoint.

Table 1. Extent of institutional development projects

Level of intervention	Number of respondents
1. Support directed to the development of policies, legal systems and regulations.	
Formulation of development policies	6
Review and development of legislation, for examples in respect of property rights, mitigation and registration,	-
Development of the organisations that administer the legal system	-
Development of company legislation, investment laws, regulation of competition, concessionary regulation,	-
2. Support directed towards public infrastructure.	
Development of business counceling services	9
Industrial and vocational training, management training	2
Development of institutions for standardisation, certification, quality control, sectoral research institutes,	5
Councelling services in import - export activities, chanbers of commerce, conferences	-
Councelling services for attractibg/advising investors, support to national investment centres or local business councelling offices.	-
3. Support for the development of relevant private organisations and institutions.	
Strengthening/development of sector specific, non-governmental education, research and development institutions,	1
Strengthening/development of saving and credit facilities in formal and informal sectors,	-
Strengthening/development of funds for risk capital and the formation of capital markets in the private sector,	3
Support to the restructuring of parastatals,	2
Strengthening/development of organisations for employers and employees,	0
Development of trade organisations	0
4. Direct support to individual production enterprises.	13

Table 2.2 The extent of onstitution building projects among the Norwegian firms and consulting companies.

Question: How many projects of an institution building character has your organisation been engaged in?	
Number of respondents	
Less than 2 projects	11
Between 2 and 5 projects	6
Between 5 and 10 projects	3
More than 5 projects	5
Not applicable	12
Total respondents	37

The other respondents were found in activities at the level of developing public institutions, in support for private organisations and institutions, and at the macro-level of planning and policy formulation. The total number of respondents is 13, but 26 activities are marked. Some respondents marked 2 or 3 intervention levels. It is possible that a project or programme incorporates activities at several levels, as the example of Det Norske Veritas showed. The case studies that we will review later usuallyalso contain activities at several levels. Several of the respondents have also been engaged in more than one project of an institution building character.

Out of the 26 respondents, 11 had taken part in 1 project, 6 of them had been engaged in between 2 and 5 projects, 3 in 5 to 10 projects, 5 had actually been engaged in more than 10 projects. As the answers are marked in broad categories, we do not get any total figure on the number of projects, but using the median in each category, and multiplying with the number of respondents, we arrive at a figure of 109 projects. Some

more basic data on the projects show that the median size is between 1 and 10 million NOK, but 3 respondents had average budgets larger than 50 million NOK, and 4 had budgets between 10 and 50 million NOK. Only 2 respondents indicated that their projects were smaller than 1 million NOK. The average number of man months was between 1 and 3 years, and the duration of the projects were usually between 2 and 5 years. (The detailed responses to the questionnaire are found in annex 6, where the distribution according to each response category is shown).

Table 2.3 The budget size of institutional development efforts.

Question: Estimate your avegare programme budget for institutional development projects in millions of NOK?	
Number of respondents	
Less than 1 million NOK	2
Between 1 million and 10 million NOK	17
Between 10 million and 50 million NOK	4
More than 50 million NOK	3
Not applicable	11
Total respondents	37

Table 2.4. The lenth and intensity of institutional development projects

Question: Estimate the average duraton of your institutional development projects in years	
Number of respondents	
Less than 2 years	4
Between 2 and 5 years	15
Between 5 and 10 years	5
More than 10 years	1
Not applicable	12
Total respondents	37

Question: Estimate the average amount of manmonths used in your institutional development projects in years	
Number of respondents	
Less than 12 months	4
Between 12 and 36 months	14
Between 36 and 72 months	5
More than 72	3
Not applicable	11
Total respondents	37

Do these data provide us with any knowledge about institutional development through the two channels we are discussing? The first question is that we probably do get a fairly accurate figure of how frequent institutional development projects are. The figures may underestimate the total number of projects and firms, but are probably not far from the mark. There should thus be some 26 organisations, with experience of institutional development projects, most of them with more than one project. The average size of projects are between 1 and 10 million NOK, and they have an average duration of 2 to 5 years. There is a fairly even regional distribution, 15 projects in Africa, 21 in Asia, 7 in Latin America and 6 in Central and Eastern Europe. The frequency of institutional development projects appears to follow the common patterns of regional allocation of Norwegian development funds.

Are there any differences between private firms and private consulting firms? All the companies that provide direct support to producing enterprises would be classified as private firms, according to the distinction made above. But several of the others would also be called private firms, even though some could be named private consulting firms. It would thus appear that the number of consulting firms engaged in institutional develoment is smaller than the number of private firms.

But we have also noted that our definition of institutional development differs from that used in the strategy documents and the conventional wisdom at NORAD and among its partners in development. If organisational development per se was not regarded as institutional development, it is questionable how many of these firms that would still be classified as working with institutional development. Probably less than a handful would remain, but it is hard to tell based on these aggregate data. Most of the intervention levels could contain activities that would be termed institutional development in view of the definitions presented above, but it is not likely that many actually do so.

Table 2.5 Regional distribution of institutional development projects

Question: In which of the following areas have you been engaged in institutional development projects?	
	Number of respondents
Africa	15
Asia	21
Latin America	7
Central and Eastern Europe	6
Not applicable	11
Total respondents	37*

* Note that some respondents have been engaged in several projects, the figures thus should not add up to 37 (compare Table 2.2).

Looking at the question from another point of view, we also asked the Industrial Development Department how much of its annual budget that actually goes to support institutional development. The respondents answered that there were no detailed figures, but the best one could do was to look at the training/technical cooperation budget line of the various project budgets. A very rough estimate was that around 15% of the total expenditures would be of an institutional development character, and most of that would actually be training. As the department's total budget is around 480 million NOK, the institutional development figure comes to some 55 million NOK annually.

Putting the two figures together (the one based on the survey and the one based on the data from the department) they are not far from each other. The figure from the department is an annual expenditure, but the other is a total aggregate per organisation. Assuming that these data cover several years, it would seem as though an annual figure of around 55 million based in the industrial development department is correct. But to that must be added institutional development projects managed by private consulting firms through other departments. Here we only have the data from the questionnaire to go on, and these amounts would basically not be that much different from the industry department.

If these two channels together implement institutional development for an amount of 55 million NOK per year, according to their own definition, what are the total figures, including the other channels? That is a question we cannot answer, but our conclusion is that the total amounts spent on institutional development in respect of private firms and private consulting companies are rather small, and it is not possible to conclude that institutional development receives priority when such a small share of total resources are allocated for this purpose.

2.4 THE INTERNATIONAL EXPERIENCES OF INSTITUTIONAL DEVELOPMENT

Institutional development has many similarities with technical assistance generally, in fact institutional development could be considered a subsection of technical cooperation. All institutional development takes place in the form of technical cooperation (under the aid programme), but not all technical cooperation is meant to serve an institutional development purpose. Let us first review the international experiences of technical cooperation.

Technical cooperation activities have been evaluated as long as they have been around, so there is no shortage of studies to turn to for information about results. The effects of technical cooperation can be divided into the long-term and short-term. Short-term effects are the direct or immediate objectives (sometimes known as project outputs). Long-term effects are those that are expected to result from the projects' outputs. Naturally, the short term effects are easier to specify and measure, so they are more commonly identified in evaluations. The long-term effects are often joint products of many earlier activities, and some of them may be unintended. Most studies deal with these consequences only very generally, andnstitutional development effects are mostly long-term.

Of all evaluation reports in the past decade, the Cassen report (1986) is the most positive about the effectiveness of technical cooperation. According to the report, technical cooperation has been a clear triumph. There are flaws, for sure, but these are often magnified when the record is disaggregated by sector, type of assistance, donor and other variables. The report argues that both short-term and long-term effects are significant.

The Cassen report is based on secondary data sources; that is, on a review of other evaluations. The report can conclude that the performance of between one-half and two-thirds of all technical cooperation projects for institutional development were judged satisfactory. Only 10 or 15% were judged to be outright failures. But Cassen and associates point out that there is a difference between categories of technical cooperation. Some projects involve a small «user community», others are diffused among a large number of users. Examples of projects with smaller user groups are «high-tech» subjects like remote sensing and telecommunications, or technologies for industrial processes limited to indivi-

dual firms. Such activities tend to involve «hard, science based technologies which usually require little adaptation to local conditions. Here the success rate tends to be quite high. Such conclusions are also supported by specific studies of institutional development (Israel, 1987), or by specific country and sector evaluations.

A year after the Cassen report was published, Riddell (1987) presented an alternative view of development cooperation, where he succinctly goes through the cases for and against aid, and analyses what we know about effects. This study is less affirmative than Cassen's report, but Riddell chooses to make the case for development assistance in less grandiose terms. He argues that knowledge of results is so poorly developed, and the causal relations so complex, that we have better stick to the «middle ground»; that is, concentrate on immediate effects, improving delivery systems, and closely supervising and managing the implementation process. Riddell does not analyse technical assistance per se, but treats aid at an aggregate level. Consequently, his conclusions about what we can and do know of effects are significant.

At about the same time as these two studies appeared, the four Nordic countries Denmark, Finland, Norway and Sweden together commissioned an evaluation of the effectiveness of technical cooperation personnel. The report (Forss et al, 1988) concludes that technical cooperation personnel were usually highly effective in operational positions but much less effective in transferring skills and in contributing to institutional development. The report found that technical cooperation may even have had a negative effect on institutional development because it tended to create or enlarge institutions that were not sustainable. Overall, the report found that the impact of technical cooperation did not stand in favourable relation to its costs.

Berg (1993) provides additional insights into the working processes of the aid agencies, and his study, which is published in cooperation with UNDP, focusses on the how to make technical cooperation more effective. But both Berg and Bossuyt et al. appear to agree with the conclusions of the Nordic evaluation. They recognise the shortcomings and the problems involved in technical cooperation, and their research is directed at analysing the reasons and pointing towards ways of improving effectiveness.

The World Bank is known to have one of the best evaluation systems among aid agencies. It is comprehensive and structured, and the evaluation results are aggregated and presented in yearly reports. That makes it easy for external researchers to use them. The evaluations of the World Bank have consistently shown that investment projects have difficulties in implementation, and their sustainability suffer because of shortcomings

in institutional performance. Hence, the Bank has supplemented its investment assistance with technical cooperation. But the evaluations of the technical cooperation projects tend to show that these have low success rates, in fact, much lower than investment projects, and the lower the less engineering oriented the projects are.

It is interesting to note that the annual review of evaluation results in 1982 pointed at a success rate of 87%; 36% of the technical cooperation projects had achieved substantial success, and 51% were at least partially successful. No more than 13% were considered outright failures. But the same exercise in 1990 found that the success rate for the institutional development component was only 25%, with 42% of the evaluated projects having negligible results. The 1995 Portfolio review of completed projects rate the level of satisfactory performance at only 19%, making technical cooperation the least effective of all the Bank's assistance. A number of studies throughout the 1990s have indicated similar results (Wapenhans, 1992; Brinkerhoff, 1994; Picciotto and Weaving, 1994; Steedman; 1996; Pinto and Mrope, 1995; Boyle and Silsby, 1996), and as time goes, the level of success among projects appear to go down.

Is it more difficult to achieve good results towards the end of the millennium, or has the development community raised it expectations, so that it is more difficult for a project «to pass» now? Or is it simply that the aid agencies were not ready to accept the extent of failures in previous years, but have gradually come to realise the weaknesses of traditional modes of technical cooperation? Well, there has been a significant development in evaluation methods, in particular through the development of participatory methods. More projects are evaluated, and the World Bank in particular has a quality control of evaluation results that make it difficult to doubt the conclusions. The coverage of projects and programmes is better now than previously.

But we should note that there is really nobody - either in the academic community or among the aid agencies - who stand up to defend technical cooperation by pointing at other and better results. Indeed, those who would wish to challenge recent findings on (the lack of) effectiveness of technical cooperation would have to turn to empirical evidence from the mid and early 1980s, and that would not have much credibility today. In particular those who stand to gain the most - at least in theory - are equally critical as the evaluation reports and synthesis studies reviewed above. The host countries are as skeptical and as disappointed at the achievements of technical cooperation as anybody, and in fact, much of the criticism has surfaced when aid agencies and evaluators have listened carefully to the voices of people in the developing countries.

Nevertheless, it is probably fair to say that the stan-

dards of what constitutes success have risen. The evaluation reports are more frequently discussing issues of sustainability and impact, and evaluators today view organisational performance through a more critical filter. The donor community, and perhaps also the recipient community has devoted far more attention to thinking about alternatives to technical cooperation (that is, the «old-fashioned expert - counterpart mode of technology transfer) than on how to make existing technical cooperation work better. Consequently, the mid and late 1980s saw a fairly rapid development of alternative modes of delivering technical cooperation.

Many bilateral aid programmes can point to significant reductions in the number of long-term expatriate positions in development cooperation. Many saw the early 1990s as the time when things changed. But the developments are difficult to monitor exactly. The number of personnel abroad will also depend on the size of the aid budget, and many of the agencies actually had significant budget cuts. In addition, there might have been shifts within the agencies, away from technical cooperation to financial and investments support, or multilateral development cooperation. The changes in personnel must be assessed against this background.

For administrative reasons, there are also changes in the control of implementation. In the Nordic countries, it has become increasingly common that the cooperating partners have direct contracts; so will for example a cement industry in Denmark have a direct contract for technical cooperation with a firm in Africa, or the Swedish tax administration could have a direct contract for technical cooperation with the fiscal authorities in Tanzania. Within these programmes, there is a mixture of long-term and short-term personnel, and presumably more of the latter in recent years. The point is that nobody really knows, as the responsibility for implementation is decentralised.
Short-term consultancies is a technical cooperation design that would automatically solve some of the weaknesses described in evaluation reports. Short-term personnel simply cannot take over operational responsibility in the way that resident expatriates were prone to do. They are thus more likely to remain in the advisory and training roles, leaving local managers with the line responsibilities. The glaring inequalities in conditions between national and expatriate personnel are less obvious, and may be less frustrating, when the foreign personnel are not residents in the host country (the inequalities themselves obviously persist). Short missions can be professionally focused, and there is less need for the foreigners to settle and tune in to local conditions.

But on the other hand, projects with short-term personnel are still prone to several systematic weaknesses of technical cooperation. In the absence of a considerable effort at building ownership and host country commit-

ment, the mere fact of substituting long-term with short-term personnel achieves nothing. The managerial issues remain pervasive, and may in fact be worsened by an increased reliance on short-term personnel. There is the additional danger that short-term personnel will simply never learn enough about local conditions to be useful.

Education and training absorb a modest share of technical cooperation budgets, in global terms not more than 15 - 20% (Bossuyt et al (1992). As mentioned above, the training components of development projects are often poorly spelled out or sacrificed due to time pressures or to compensate for possible budgetary overruns. In addition, providing staff training to the public sector was often difficult because training policies were either unclear or non-existent and the training function was not supported with adequate human and financial resources (Adamolekum, 1990).

Nevertheless, training has made important contributions to technical cooperation according to Jacobs (1996), who claim that there is a 20 - 30% rate of return on investment in training, and that a trained brain is the foundation of innovation (EADI, 1994). But other studies point at less impressive results. Youker (1989), in an evaluation of nine management training projects, also found that frequently training needs were poorly defined or the wrong participants selected; that courses and materials were not relevant to local needs; that training was not combined with on-the-job follow up and support; and that local training institutes were poorly financed and suffered from low status and lack of contact with work places. Prozesky (1996), in a recent follow up of trainees from a short UK based course reckons that as much as a third of all trainees failed to maximise their training opportunity. In addition, it has been found that perhaps the institutions that gain the most are those who are expected to train and educate people. At times, they have used the opportunity to develop their own centres of excellence (Barima, 1987).

Several agencies can point at increasing amounts of funds disbursed in the form of technical cooperation. Most of these agencies also make less use of long-term expatriate consultants, and more use of short-term expertise. It is really only UNDP which claims that its technical cooperation has become more cost-effective, and where the costs of the individual projects and programmes are lower. Given that the the global picture indicates that funds for technical cooperation have increased or remained stable, and that the number of people have gone down, we must suspect that the price of each unit of technical cooperation has become more expensive. If that is the case, it is an old trend which continues. Let us quote a few studies:

Cassen (1986) notes that «The recent sharp rise in the

cost of experts is particularly troublesome.» The Nordic evaluation of technical cooperation (Forss et al, 1988) identified the sharp rise in remuneration as a major problem, as it affects the expert - counterpart relationship very negatively. The report found that many expatriates could cost as much as 100 times more than locally recruited personnel, and at times they were not much better at the job.

Bossuyt et al (1992): «Particular reference should be made in this context to the cost of expatriate personnel, which shows a persistent tendency to increase during the last decade. Foreign experts from bilateral aid agencies easily cost between 100,000 and 150,000 USD a year. They absorb between 70% and 80% of total technical cooperation resources... This, understandably, is a rising source of irritation for recipient countries, especially where they see aid as fungible and even more so where experts are financed by loans rather than grants.»

Berg (1993) focus more on the causes of rising costs than on the actual levels. He discusses the imperfection of the technical cooperation market; «it has several features that help explain the dysfunctional bureaucratic behaviour and poor results that are now widely deplored. First and most important, costs and prices play only a small role in the determination of supply and demand, encouraging economically irrational use of technical cooperation resources. Opportunity cost consciousness is stunted on both supply and demand sides. Second, buyers (takers) of technical cooperation have limited flexibility in choosing the mix of inputs they want; technical cooperation packages are bundled by donors and cannot be unbundled by recipients. Moreover, regulations of some donors restrict the right of the recipients to choose between local and imported skills, even when local skills are available, would be cheaper to use, and can be employed suitably in donor financed projects.»

Adding a recent review to the list, Baser and Morgan (1996) note that: «most of the 20 technical assistance loans were facing the issue of rising costs for technical assistance especially with respect to the services of international consultants. In many borrowing countries, the differential between indigenous salaries and international consulting rates, especially in certain specialised areas, has now become enormous, in some cases up to 500:1. To compound the problem, rising rates have not been matched with increased productivity or increased effectiveness. Simply put, many high-priced technical assistance personnel have done questionable work despite their high salaries and benefits.

The brief review shows an amazing track record of more than 10 years of sharply rising costs, solid empirical evidence of the magnitude of the problem and its adverse effects on technical cooperation objectives,

and (albeit slower) development of knowledge about the causes of the problem and recommendations on improvement. But the problem persists at the field level, in most agencies.

Many authors assume that conventional free-standing technical cooperation projects, and with them the lone expatriate advisers, are likely to decline in number and size. The project as an organisational device will become much less important and broader program approaches much along the lines of, for example, sector investment programs will increase in importance (Takavarasha, 1996; Teskey, 1996). A much wider range of technical cooperation delivery options will become apparent including computerised information sharing, distance learning and partnership with NGOs, private sector and other non-state actors (Maseru, 1996). Developing country institutions may become more interested in sharing experiences with practitioners in other countries and use the aid agencies as access points for learning and experience on a global basis.

It is thus a rather gloomy picture of results that could be expected from technical cooperation, particularly technical cooperation with an emphasis on organisational and institutional development. Outright failures, low impact and questionnable sustainability appears to be the order of the day, or at least the most common results. The review does not distinguish between results in the various channels that we are treating here. However, many of the projects implemented by the World Bank are managed by private consulting firms, one of the channels we are most concerned with. But for bilateral donors and other UN organisations there is a mixture of channels. However, international experience indicates somewhat better results from projects involving private firms. An evaluation of technical cooperation through the Nordic Development Fund also points to rather high rates of success in this respect (Forss and Laursen, 1997).

A recent review of Swedish firms in joint ventures abroad noted that the impact of technoology transfer was considerable (Bjern, Carlsson and Forss; 1997). The study evaluated industrial joint ventures which the Swedish aid agency Swedfund had left; that is, where the agency had sold out its shares or written off the investment. Out of a total of 37 such joint ventures, 26 still survived. This was considered a surprising achievement, many of these firms were the worst cases, and they had been through bankruptcies and changes of owners. But they had often been reconstructed, with a lower level of capital investment and some changes in production lines (more directed to domestic markets, less dependence on imported raw materials), and they were reestablished with less complicated ownership (and managerial) structures. The Swedish firms generally failed to transfer managerial know how, but they

succeeded in technological transfer. Good management is of course necessary, but whether a venture succeeded or not depended on the presence of good management in the host country, it was never developed through the cooperation.

The earlier findings of the Cassen report that the results of development cooperation are generally more satisfactory when dealing with hardware, production technology, machines and equipment seem to hold true still. Similar findings were reported in the review of Swedish support to private sector development (Översyn an Sida's stöd till näringslivet, December 1996), an evaluation of ffinancial sector development (Sida 1997a) and telecommunications (Sida, 1997b). The private firms could be expected to be more successful because they are not much engaged in the difficult aspects of organisational and institutional development. The conclusion would be that private firms are a good channel for technology transfer, but their impact on institutional development is small, because they do not address such issues. If they did, there are no grounds to expect them to be more successful than other channels.

However, we must bear in mind the definition of institutions. Is the market as such an institution? Yes, according to the theory of economic development, a market economy is an institution itself - or perhaps it is more correct to speak of it as an institutional complex. A recent World Bank study (Roberts and Tybout; 1996) studies the impact of direct foreign investments on market structures in developiong countries. They conclude that markets generally become more diversified. They analyse market development in terms of heterogeneity, diffusion and innovation, and they conclude that the presence of foreign investors has a positive impact on market development in all these aspects. However, they study foreign investments generally, and they do not distinguish whether the presence of the foreign investment is part of an aid programme.

2.5 EXPERIENCES OF NORWEGIAN PRIVATE FIRMS AND CONSULTING COMPANIES

Let us now turn to the experience of Norwegian development cooperation. It is interesting to note that proposition 51 of 1990/91 gave voice to similar misgivings concerning technical cooperation/institutional development as we find in the review of international experiences. But the questionnaire that we distributed to private firms and consulting companies gives a different picture. As Table 2.6 shows, a majority of the respondents themselves asses that most of the project objectives are reached - or will be reached.

The questionnaire contained some questions regarding the terms of reference of the programmes. A ma-

jority of the Norwegian companies answered that «yes» the terms of reference have been useful to guide the project during the implementation phase. But the telephone interviews showed that the programmes often do not have terms of reference. The Norwegian companies, as mentioned above, sign an agreement with their partner organisation. NORAD approves this agreement, but no actual terms of reference are written. It is difficult to know whether the Norwegian companies refer to this agreement or to some real terms of reference. We conclude that the companies have some sort of guide in the implementation phase that they find useful.

A majority of the Norwegian companies think the goals and objectives were clear and appropriate. The estimate of goal achievement is also very high, a majority have stated that they have achieved more than 75% of the goals. The telephone interviews show that when the companies refer to goals and objectives they mainly mean financial ones. The objectives and goals are written by the companies themselves. If this is true for the whole sample, it is more obvious why a majority think the goals and objectives are clear and appropriate. Based on this information it is hard to draw any conclusions around goal achievement.

Table 2.6 Estimates of achievement in respect of objectives on institutional development projects

Question: Can you provide an estimate of the average achievement of objectives in the project you are involved in at present?	
	Number of respondents
Less than 25% of objectives will be achieved	1
Between 25% and 50% will be achieved	1
Between 50% and 75% will be achieved	3
More than 75% will be achieved	17
Not applicable	15
Total respondents	37

A majority of the Norwegian companies answered that they have developed indicators or data to evaluate and monitor their programmes. These indicators and data are mainly quantitative and data are according to the telephone interviews mainly related to production and finance. Eight Norwegian companies answered that they have developed quality indicators and data and three said that they had developed gender aggregated indicators and data. None of them gave any

examples, which make it hard to conclude what kind of data this is.

The Norwegian companies were asked if they have formulated any policies, aims, specific strategies or working methods for institutional development or around gender. Eleven of the companies said that they had policies and aims for institutional development and nine claimed that they have specific strategies and working methods for institutional development. The companies were asked to send in these policies, aims, specific strategies or working methods. This was only done by one company. Only four companies claimed that they have policies and aims around gender and none had any specific strategies or working methods. This result is supported by the fact that a majority answered that they did not have any specific component on gender issue.

The Norwegian companies were asked if they could identify any particular factors that influence the goal achievement. The major external factors mentioned was politics, history and culture. Both the questionnaire and the interviews show that even if the companies are flexible and understanding, cultural differences are a problem. The most common observation is that things take time. Not only the recipient countries bureaucratic procedures, but also NORAD's procedures, were found to be time-consuming. Management is, not surprisingly an important factor. To identify competent personnel in an organisation is one of the most important factors that contribute to success.

A majority of programmes are initiated by the Norwegian company, their partner organisation, or both of them. Only three companies stated that the initiative came from NORAD. Consequently, if both the Norwegian company and their partner organisation feel responsible for the project this should increase the possibility for a sustainable impact of the programme. This assumption is, however, contradicted by the ten Norwegian companies who answered a definite «no» to the question «in your opinion will a majority of your partner organisations be able to deliver their output without donor assistance as money, physical assets or technical assistance within the next five years?» The reason given was that their partner organisation do not have the financial or human resources without donor assistance.

Table 2.7 Assessment of the cooperation process and sustainability on institutional development projects

Question: Do you think the cooperation between you and your partner organisation works well?		
Yes	No	No response
54%	5%	41%
Question: Do you think your partner organisation will be able to deliver their output without donor assistance within the next five years?		
Yes	No	No response
24%	27%	49%

The programmes that the Norwegian companies are involved in do not actively support NORAD's gender policy. No specific strategies, working methods, aims or policies has been developed, few activities have been implemented and no indicators developed. The conclusion is supported by the result from the interviews. This is an aspect of institutional development which we consider very important, and which we will return to below.

Finally, is it possible to point to any differences between the experiences of private firms and private consulting companies? Generally, there are no major differences, but it appears as if the companies that support individual producing enterprises are more optimistic about the achievement of objectives and the sustainability of results. As these firms are frequently private firms - not consulting firms, it would seem as that group has a better record of achievements, if we may believe in that self-assessment.

However, already the Cassen report noted that more hardware oriented technical cooperation, particularly in industrial sectors and similar activities, were more successful than those with relatively more inputs of organisational and institutional development character. The patterns found here, though not reliable or valid in their own right, gains credibility as it is supported by simple logic and by massive international comparative data of a similar nature.

2.6 Conclusion

This chapter demonstrates that institutional development should play a major role in cooperation between private firms and private consulting firms and their partners in developing countries. The overarching policy documents and government white papers make that clear, and there is also a guideline document for private sector development which shows how interventions can be identified at different levels.

But the practice is different, institutional development plays a minor role in the activities that the actors in these channels engage in. It is hard to arrive at a good estimate, but combining information from several channels it appears as if less than 10% of the annual funds for the private sector develeopment are used for institutional development. However, the actors identified in these channels may also be engaged in institutional development projects funded by other instruments of Norwegian development cooperation, hence the figure is very tentative.

A review of international experiences indicates that the achivements in institutional development are generally low. It is a difficult intervention area, and many donor agencies have gradually come to realise that their success rates seldom are higher than some 25 - 30%. But the more hardware oriented, and the more practically oriented the projects are, the better do the institutional development results tend to be. There is an old truth in that the less aid is needed, the higher are the chances of success.

The words institutional development are used with many meanings, and hence the data we gathered from interviews and questionnaires suffer as repondents give different meanings to the word. But this reflects a poor understanding generally, and there is no doubt that many of the actors, both at NORAD and among the firms and consulting companies, need a better grasp of the practical aspects of institutional development if the policy intents are to be put to practice.

CHAPTER 3: A REVIEW OF INSTITUTIONAL DEVELOPMENT ON PROJECTS WITH PRIVATE CONSULTING COMPANIES

In this chapter we will look at three different activities where private consulting firms are engaged in institutional development. The cases were chosen to reflect examples of good and interesting projects, but whether they are really «good» or not is of course an open question. The point is that the cases were not randomly selected, and they do not represent the average institution building project among private consulting companies. As we mentioned above, a randomly selected project would probably have no institution building component at all.

Each case study follows a similar outline where we first provide a background description of the project, then proceed to analyse technology transfer, organisational development and systems development respectively. Then we discuss strategies and policies, and the roles of different actors, as well as particular aspects of implementation.

CASE 1. GEOGRAPHICAL INFORMATION SYSTEMS IN INDONESIA

Introduction

Availability of geographical information - especially maps - is a precondition for development in any society. Maps are needed to plan roads and other infrastructure projects, to develop cities, to define property rights, survey mineral and forest resources, agricultural development, environmental management, and for a number of other uses. It is hard to envisage a modern society where geographical information is not easily accessible. Geographical information is one way to reduce the transaction costs of many undertakings in a society. In addition, international conventions require nations to be able to define their territorial boundaries through accurate mapping.

At independence in 1949, large areas of Indonesia were not mapped at all. During Dutch colonial rule, some maps of more significant areas had been produced - particularly of the central island of Java. During the Second World War large scale maps were made by the U.S Forces. But for some exceptions, there were no reliable maps, at an appropriate level of detail, that could be used by civilian authorities - and most of the nation was still not mapped.

The first 25-year development plan which lasted from 1968 to 1992 laid the foundations for the economic growth in recent years. The plan defined the role of the state, provincial governments, private industry and agriculture, and other actors. The 25 year plan emphasised the need to develop maps of the whole country and for that purpose established a National Mapping Agency (BAKOSURTANAL, which is described in more detail below) in 1969. As Indonesia has an area of around 2 million square kilometres of land, and 6 million square kilometres of sea, it is a huge undertaking to map this at a detailed level. It requires a substantial investment in time and money.

Whereas the first 25 year development plan had assigned first priority to the development of the land resources of Indonesia, it may well be said that the second 25 year plan, from 1993 to 2018, turns to the sea. The country has old maritime traditions, and its waters hold oil and natural gas, minerals, as well as fish and other edible natural resources. Indonesia has also signed the UN Convention of the Law of the Sea, which requires its signatories to present accurate maps to define the territorial boundaries. Such maps are also needed to define the economic zones off the continental shelves. Naturally, Indonesia has to oblige. We should mention that the Indonesian waters are among those most trafficked in the world. A substantial part of the world's shipping tonnage pass on its way from Europe and the Middle East to Japan, from the Asian continent to Australia, as well as from the Middle East to the western shores of Latin America. Charted sea lanes are a high priority, of international significance. In this context, many international agencies have over the years assisted Indonesia. The World Bank financed a mapping project on Kalimantan (the Indonesia part of Borneo) starting in 1988. The Norwegian firm Blom Opmaling tendered for the project, in cooperation with a local company, Narcon. They won the tender, and through the cooperation which followed they established the basis for further joint projects in Indonesia.

The major actors in relation to the projects

In the following we will describe and analyse two projects financed, among others, by Norwegian funds for bilateral cooperation. Both are in the area of map-making, or rather in the development of geographical information systems, where maps are one of the tangible outputs. However, let us first turn to a brief presentation of the actors.

BAKOSURTANAL (BAKO) was created in 1969 as the surveying and mapping agency of Indonesia. It is an independent agency, reporting directly to the president, with the task of coordi-

nating geographical information between other agencies. Since its inception, BAKO has now grown to an organisation of around 700 people. The annual budget has been increasing steadily, and BAKO has a solid standing on the Indonesian political and administrative scene.

Statens Kartverk is the mapping authority of the Norwegian government. Its mission and mandate is to supervise the production of maps, and ascertain that Norwegian geographical information in general is produced, distributed and used. Statens Kartverk thus has a role similar to BAKO, and it is used by NORAD to monitor and evaluate the progress of projects where such expertise is needed.

Blom ASA is a private Norwegian firm, specialised in surveying and map-making services, and in technology transfer to mapping agencies.Blom started as a family enterprise, but has been introduced on the Oslo stock exchange. The firm's expertise has largely developed out of the Norwegian oil industry's demand for accurate mapping and sophisticated information. This has forced a rapid development of mapping technology, which has later found other commercial uses. But it should be recognised that the demands of the oil industry, and the response from the private mapping firms has made Norway a world leader in the provision of geographical information systems.

BPPT is the Indonesian agency for Science and Technology Assessment. It has a status similar to BAKO, and is headed by a minister reporting directly to the president, but it has no ministerial status a such. It provides strategic coordination in relation to science and technology across the range of governmental agencies. BPPT is engaged in research relating to the planning and exploitation of natural resources, and has a central role to play in information technology.

The Bandung Institute of Technology is the most highly reputed technical university in Indonesia, and it is where training is provided in cartography, surveying and related areas. Most of the Indonesian manpower that is used in the projects have graduated from the institute, and it is also where future generations of professionals in the field are trained. It has no direct role in the projects described here, but the indirect connections are many.

Narcon is a private Indonesian firm, which undertakes geographical surveys and produces maps. The firm was started some 20 years ago by three shareholders, who all have a background from the BIT. In the mid 1980s it was a small firm, but well established in Indonesia. It employed around 20 people, and was competing with a handful of similar companies for government contracts in mapping and surveying. The

shareholders all have continuing contacts with the BIT, as lecturers and researchers. Dantarsa is also a private Indonesian firm, with much the same shareholders, but it was formed for the sole purpose of the implementing the marine mapping project together with Blom.

Other important actors on the Indonesian scene are: the DISHIDROS, which is the part of the Indonesian navy which controls geographical naval intelligence; the Marine Geological Institute, in charge of exploring the natural resources of the sea floor; SEACOM, which is in charge of the safety of shipping lines, lighthouses, marking systems, etc.; the organisations of the fisheries industries, and many others. However, it is only those specifically mentioned above which have a direct role in the projects. We should also mention BAPPE-NAS, which is the Indonesian governments planning agency, which has to clear and coordinate all externally financed development cooperation.

NORAD needs no introduction, but we should point out the Norwegian Embassy in Jakarta. It represents NORAD, and the embassy personnel were engaged in negotiations with BAPPENAS and BAKO when the projects were started. However, the embassy consists of two persons with diplomatic status (including the Ambassador). There is nobody from NORAD, that is, nobody with specific background in assessing or managing development cooperation. As Indonesia is one of the major partners in Norwegian development bilateral cooperation, this may in itself be worth noting, and it is a weakness we will come back to. However, Indonesia is not a programming country, it is not a priority for Norwegian cooperation. It has become significant because a number of large credits have materialised in recent years, and hence aid disbursements have been considerable.

Since 1996 there have been annual consultations with UD/NORAD and BAPPENAS - Bureay for Development Planning and Coordination. the purpose of the consultations is to identify and plan projects of high national priority and to identify areas of joint cooperation. In addition to the UD/NORAD - BAPPE-NAS consultations, there are other Indonesian Government institutions/agencies involved in consultations on environmental management, technological cooperation and energy cooperation.

Description of the projects

So this case study describes two different projects, but they are treated together as they involve much the same actors. In addition, they are part of a longer chain of events, starting in the mid 1980s and possibly continuing well into the next millennium. It started with a World Bank project on Kalimantan, where there was an international competitive bidding to produce

maps.Blom sought a local partner and found Narcon. The two firms submitted a winning proposal and successfully completed the project. Subsequently, when BAKOSURTANAL were pursuing the mapping of other islands in the country, the two firms were in a good position to offer their services. We will now take a brief look at the two projects.

Mapping of land areas

As mentioned above,Blom and Narcon were looking for new commercial developments, and against the background of the first 25 year development plan, and the 5 year plans that contain more operation plans, they identified a business opportunity in land surveying and mapping. They undertook a feasibility study (which they financed from their own resources), and presented to BAKO, BAPENAS and NORAD. As the scope of activities was well in line with the government objectives, and as the study also contained a financial plan, the negotiations proceeded relatively rapidly. Narcon had extensive contacts with the Indonesian authorities, and Blom in turn solicited political support in Norway (as Indonesia, because of its poor standing on human rights records, is a controversial receiver of bilateral aid). However, NORAD prepared a project document which, with minor changes, followed the proposal from the feasibility study. The project objectives are:

- to produce maps in the scale 1: 25000 for Java, Bali, Nusa Tengara and Maluku Selatan, based on new aerial photography in scale 1: 50000 and 1: 30000. A distribution system for maps will be established

- establish a digital data base for the same areas, base don the above mentioned data capture

- produce ad hoc maps from the database to users, with GIS possibilities. The maps shall be produced in scale 1: 50000 and 1: 10000

- establish continuous upgrading of the road section of the data base

- establish periodic updating routines of the database and the map series in intervals of 5 to 30 years, depending on actual changes

The project document justifies the project in terms of relating it to significant development objectives such as poverty; as Indonesia is one of low income countries, it is eligible for Norwegian bilateral assistance. The project addresses one of the most important bottlenecks for further economic growth. Even though it does not directly affect the most important target groups of Norwegian aid, it is expected to generate spin-off effects, for example by furthering the development of infrastructure in rural areas. The project docu-

ment also mentions that women and the poor in rural areas will benefit from the project. Finally, the assessment concludes that the project will lead to a considerable transfer of technology and to institutional development. It is also expected to have a positive impact on the environment, as maps will facilitate planning the use of, for example, forest resources.

The total expenditure of the project is calculated to 296 million NOK, and the Norwegian financing makes up approximately 60% of the total. The Norwegian financing of the project consists of a loan from Eksportfinans ASA of 178 million NOK, and a grant of 66 million NOK from NORAD to reduce the interest rates to soften the terms of the loan agreement. NORAD also provides a grant of 1 million USD to be utilised for training of Indonesian personnel during the implementation of the project.

The project organisation has several peculiar features.Blom and Narcon establish a joint operation, which in essence is the project. But it has no legal standing as such,Blom are responsible for implementation, and when the project comes to an end, so does the joint operation. The joint operation has a tax number for administrative purposes, but is not part of BAKO or any other organisation. Another feature are the links to BAKO. Strengthening BAKO's capacity is an important objective, and for that purpose a Project Advisory Group is established at BAKO headquarters. This group is in charge of training BAKO staff to fulfil their role as a national authority, and to control the quality of BAKO/NARCON outputs. But the Norwegian advisers in the group are also employed by Blom, and in practice report to the Blom project manager. During our interview with the project manager we raised the problem of their double loyalties, but his viewpoint was that: «as the dangers of biased assessment are so obvious, we have to be particularly careful to do a good job», and hence he did not perceive any problem. But now we are getting into the details of the project. Let us turn to a review of the marine mapping project first.

The digital marine resource mapping of Indonesian waters

While the first Indonesian 25 year plan mainly focuses on land based development, the second 25 year plan turns to the sea. Indonesia is maritime nation with 6 million square kilometres of sea territory. But it is not only the desire to exploit the resources of the sea and facilitate shipping and navigation which drives the mapping activities. Indonesia has ratified the United Nations Convention on the Law of the Sea, and this requires the signatories to be able to define and their national boundaries precisely, with support of updated sea charts.

The Law of the Sea implies that archipelagic nations can define their territorial sea up to 12 nautical miles, and define an exclusive economic zone. This would give the nation sovereign rights to explore an exploit all the resources on the sea bed, the subsoil and the water column out to a distance of 200 nautical miles from the baselines. The first issue is thus to define the territorial baseline, which determines the territorial sea, the exclusive economic zone and the continental shelf.

As an archipelagic nation, Indonesia has not only rights but also responsibilities. The same law of the sea oblige nations to facilitate safe and expeditious passage in designated sea lanes through its waters. It also requires that the authorities maintain environmental monitoring and control mechanisms. All these tasks are part of a long-range project framework, but in this study we are only dealing with phase 1, which lasts from 1996 through 1998. The scope of work in this phase is;

- verification of base points and establishment of territorial baseline

- carry out surveys of critical areas in proposed sea lanes

- carry out surveys with the economic zone and the continental shelf

- establish a project production centre

- establish a national marine resources data base

- coastline survey and acquisition

- establish and manage tide gauge stations

- establish a reference station network and related satellite communication.

The interventions of the project can be classified into three levels; institutional strengthening, transfer of technology and chart production. These levels of intervention can also be discerned on the land map production project. The marine project is larger, as the first phase is budgeted to 816 million NOK. Out of these, the Indonesian part finances the equivalent of 387 million NOK, and the rest is financed via a credit from the Nordic Investment Bank/Nordic Development Fund of 100 million NOK, and a credit from NORAD of 329 million NOK.

Like the land mapping project, the marine project is centred around a joint project operation. The partner in this case is Dantarsa, a firm established for the sake of the project and with partly the same owners as in Narcon.Blom and Dantarsa together run the project organisation under a contract from BAKOSURTANAL.

The operations have a line organisation with five sections; survey, planning and coordination, oceanographic, chart production and electronic charts.

The operations are technically complex, and the project employs a total of some 70 foreign advisers. Most of them work on four vessels that gather data in the waters surrounding the Indonesian islands, but 14 are employed in the production centre in Jakarta. There is also a client advisory team of two experts with BAKO; similar in scope and function to that of the land mapping project.

Technology transfer

Both projects emphasise technology transfer, but they chose to work with different models. Blom/Narcon's project organisation is a line organisation where there are no doubling of any posts. The Norwegian personnel are found in managerial positions, with direct line responsibilities under the General Manager. There are of course also Indonesian staff in managerial positions, but not duplicating those of the Norwegians. In Blom/Dantarsa, on the other hand, we found a fully developed counterpart system. All the Norwegian experts in managerial and technical positions worked together with appointed counterparts, and were supposed to provide on the job training. This applied to personnel at the production centre as well as to personnel on the four ships.

Both projects engage in extensive training, but the difference is that Blom/Dantarsa has formalised on-the-job training through the counterpart structure. Blom/Narcon trains employees by sending them to external courses, both abroad and in Indonesia, and through in-house training programmes. We interviewed several persons at middle management levels, and most of them had been exposed to external training at least once every year. During the first year of operations, the Norwegian experts conducted in-house training programmes. These have since been repeated for new employees, or for those further down in the organisation, but now employing the Indonesian staff members as trainers.

The expatriate staff is expected to spend some 25% - 35% of their total time on training activities, which is also why the project receives grant support from NORAD. During the project, some 120 people are trained in aerial photography, photogrammetrics, digital processing of mapping data, cartography and reproduction technology. The subjects for training in the marine project are related, but of course focused on the marine application of data collection and processing. There are also technologies of aerial photography, satellite communication etc. that are special to this project. Training on the marine project focuses around the

counterpart relationship, but there are also formalised training opportunities.

Organisational development

To what extent are new organisational structures developed through the two projects? In one sense, the scope for organisational development is limited. The projects are mainly technical, and the technology transfer is also more technical than managerial or organisational. We did not see any examples of training programmes in management, organisational design, leadership or similar issues. Nor do the projects have as an objective to work with the establishment of organisations as such. Still, there are activities that must be considered to be organisational development.

First, we are still puzzled by the two project organisations, Blom/Narcon and Blom/Dantarsa. Both projects are expected to establish production centres, and these are housed in the two project organisations. These are regular production lines for maps and for processing geographical data. There are of course differences, as the marine project runs a far more extensive operation for data collection. Both organisations have been created from scratch, but they are now viable and well-run organisational entities. They have structures and processes, and a clearly identifiable organisational culture.

But when the project comes to an end, these organisations have no continuation. Their only raison d'etre is the project. So what happens when the projects come to an end? In the land mapping project, it is expected that there will be a commercial future. Narcon was a successful small-scale company, and it is expected that many of the project personnel will stay with the company afterwards. By then, Narcon will have a very strong competitive position on the market, and will probably be able to secure future business from BAKOSURTANAL and other clients. But exactly how this transformation will occur remains to be seen.

The marine project comes to an end in 1998, but it is expected that it will be followed by two more phases, taking it so far into the future that it is unrealistic to speculate about how the Blom/Dantarsa operation will continue. However, many in the project foresee that the functions that now are housed in the project organisation will naturally form a part of BAKOSURTANAL. Many of the staff members would thus be integrated into the client organisation, possibly as a whole new department. But it also possible that all or part of the project organisation will have to find a niche as commercial ventures.

The project organisation may well have several advantages when it comes to the implementation of the project, but it seems to us as if the exact nature of organisational development is left undefined. The projects do not develop any specified sustainable production organisation. What will happen, depends on the interests of management and employees, and the policies of BAKOSURTANAL. To us, it seems that there is a small, but perhaps not negligible, risk that there will not be any organisation benefiting from the technology transfer.

There are two aspects of organisational development, and we have now dealt with one. Let us turn to the other. Part of the projects' activities go into the organisational development of BAKOSURTANAL. Both projects have a mechanism for this purpose. On the marine project it is called a Client Advisory team, and on the land project is is called a Project Advisory Group. In both cases is it an effort to assist BAKOSURTANAL to fulfil its role in respect of the two projects, but also more generally in respect of external activities.

BAKOSURTANAL is a coordinating agency, and it is expected that map production itself will be undertaken by commercially competing firms. BAKOSURTANAL needs the capacity to identify needs, put mapping projects on tender, evaluate tenders, supervise and evaluate quality of production, and promote the use of geographical information. The role of the two teams is to strengthen these functions. The marine teams consist of two advisers, and the land team of three advisers - which is down from five advises the first two years, and four the third and fourth year - and these are to a large extended engaged in training. But even so, their job is to develop a function at the client organisation, but the broader organisational framework is already set. Hence, the overall conclusion that the two projects are technical, rather than organisational remains - and that does not mean it should necessarily be any other way.

Systems development, or the broader institutional development

The question now is; what is the systemic institutional development effect of these projects and how is it achieved? As we have seen, the projects are largely technical, and their output is first and foremost production; maps, geographical data, and databases. But both projects claim to have institutional development as one of their objectives, if not the main objective. Let us first note that we are using the word institutional development in the sense defined by this study, which is not the way it is defined in the two projects, nor generally in NORAD. Institutional development, in our sense, includes and goes beyond organisational development and refers to the linkages between organisations in society, to social structure, to legislation and to the norms and values that form cohesion in society.

Maps, and geographical information in general, could

perhaps be considered institutions in their own right. The availability of geographical information is certainly part of institutional development in society, in much the same way as the production (writing) and decisions on laws are examples of institutions. Furthermore, the availability of maps lowers transaction costs in society; they enable economic actors to define their properties, plan and use natural resources, and engage in sales and purchase based on these. Sea charts reduce transaction costs for shippers and fishermen.

But it appears slightly ridiculous to define maps and geographical information as institutions in their own right, it is more succinct to say that an organisational framework to define, commission, produce and use geographical information is the relevant object of institutional development. These functions could presumably be undertaken within one organisation (except for the last; use), but they could also be undertaken in a network of organisations. Indonesia has opted for the network approach. BAKOSURTANAL has a coordinating role in the first two stages; defining the need for maps and initiating production. But it is left to commercial firms to produce maps. In the latter stages, BAKOSURTANAL has a role to play in making sure that maps, charts and geographical databases are used.

The projects' role in these processes are rather uncertain. In the case of the land mapping, they are limited. The project is first and foremost set to produce maps. But at the same time it builds the capacity of BAKOSURTANAL to start up, maintain, evaluate and use links to private sector organisations in map-making. The link between Blom/Narcon and BAKOSURTANAL is thus important, and constitutes an example of institutional development in its own right. The activities to strengthen the capacity of BAKOSURTANAL to maintain its links with the private sector in map production is therefore the first level of institutional development of these projects.

The second level also concerns the use of maps. Map production per se hardly constitutes institutional development, nor does the technology transfer to produce maps constitute institutional development. Geographical information must be used, and therefore it is only the links to promote the use of maps that should be considered institutional development. Let us first look at how Blom/Narcon has developed those links.

Blom/Narcon's production centre is located in Bandung, which is also home to the Bandung Institute of Technology, where most of Indonesia's higher education in geographic information takes place. Two of the owners of Bandung are lecturers at the BIT, and all graduated from there. The links to the BIT are developed in three ways;

(1)   the project supplies a Ph.D. student with geographical information to his research,

(2)   staff and owners are encouraged to lecture in relevant courses, and

(3)   whole classes are received at the production centre and shown around the premises.

Links such as these are important, and strengthen the interest for the project's output. But it is relatively limited, the main business is still production. When the project was conceptualised, there were those of the staff at BIT who thought it could be worthwhile to strengthen the links between the organisation, and possibly also to expand the Institute's contacts with related departments at Norwegian universities. As far as we can understand, such a program of cooperation is now being established between BIT and the University in Trondheim. We do not know what the contents will be. From our point of view, it is enough to note that Indonesian researchers saw the potential effects of institutional development, and were eager to explore these at an early stage. It shows that the demand for institutional development is often most sharply perceived among stakeholders in the recipient countries.

Interestingly, the project document specifies that Blom/Narcon's shall «produce ad hoc maps from the database to users, with GIS possibilities». At present, this clause seems to have been forgotten. The project manager confirmed that they do produce maps ad hoc; «as a way to cultivate demand, create goodwill and interest for the products». But he also said that this was a side activity which was not really within the scope of the project, and hence one shouldn't talk too much about it. It is certainly an activity which takes productive resources away from the work on the production targets established in relation to BAKOSURTANAL, and the project is continuously monitored according to the performance against these targets. The ad hoc production is not specified, and hence it gets a lower priority. From the institutional development point of view, it appears to be a rather important activity though.

The marine project has another conception of institutional development, relating to the further use of the marine resources data base. The data base does not exist yet, but the geographical information collected through the project activities will feed into it. There are other organisations who already today posses information that is of interest in such a database, and in the future it will be valuable to use data inputs from different organisations for coordinated planning purposes. It is really the use of data from several sources that has the most promising prospects.

The figure illustrates how the project perceives institu-

tional strengthening. Here, the project's view of institutional development coincides with ours. It is exactly in the creation of networks between organisations that we find an activity that goes above and beyond mere organisational development. Already at this phase in the project do we find cooperation among the agencies, as they provide inputs to the data base. Practically speaking, the project contracts vessels from the Marine (DISHIDROS) and from BPPT. It cooperates with SEACOM to develop information on sea lanes. But the most interesting questions relate to the future.

The marine resources data base is envisaged as a network, where the different stakeholders will contribute with information and draw on information, and possibly sell information - to each other and to external interests. This raises a large number of tricky questions. It may be easy to define who owns a specific piece of information, but where does ownership reside when several bits of information from various sources are put together? How does one calculate a price for combined data, and what should the policy behind the pricing be? How should the organisations divide the profits between themselves, and who should shoulder the costs for maintaining and developing common services of the database?

The organisations probably have different mandates in respect of geographical information. Where some would want to maximise profits from the data base, others might have a public service mandate - either to provide the information in such a way as to cover costs, or otherwise free of charge or at the lowest possible cost - so as to maximise the public use of information. Yet other organisations might have an interest in keeping information to themselves - as for example the navy. Already today, it is a problem that the naval partners are not in the habit of sharing information. As an organisations, the navy is suspicious of the interest and motives of others.

Blom/Dantarsa's project manager says that «these activities are as important as are the production activities. If the links between the agencies are not developed, the project will not reach a full impact». The marine resources data base has a great potential if it is used, but the organisations must agree on how it is to be used. Within the overall project, it is a very small share of the resources that go into the institutional development of the data base. It is only the two advisers on the Client Advisory Team who have a role in this respect. Their job description specifies their tasks as follows:

- establish a good communication and relation with BAKOSURTANAL personnel and their joint venture partners
- take part and advise/QC in establishment of QA/QC procedures for all stages from importing data into database, to final processing of charts.

The rest of the job description is full of details on the stages of quality assurance and quality control. It is thus only the first sentence that relates to the institution building aspect of the project. Given the importance of the task, and the priority the project manager gives to it, it is strange that it has not been developed further. There can be no doubt that it is rather vague as it is stated here, and we have not seen the steps in institutional development further specified anywhere else.

There is an inherent risk that as the technical tasks are very detailed, they will take prominence. They are more easily verifiable, and hence an output oriented manager may well give precedence to them, when, for example, faced with the prospects of an evaluation, or with monitoring visits. The sentence saying what the advisers are to do in terms of institutional development is vague and unspecified. We find it hard to believe that somebody taking up the job will be much helped by the job description.

When we asked about the reasons for not being being more specific, we were told that «We did not know what to do when the project was designed. We knew it was important, but we could not specify the activities. But we learn as we go along, and today the problems and opportunities are much clearer».

Policies and strategies for institutional development

In particular the marine project, but also the land mapping project have had institutional development as one of their important objectives. Both NORAD and Blom as well as BAKOSURTANAL understand institutional development as encapsulating organisational development, technology transfer and the development of inter organisational linkages. The most significant aspect of policy and strategy relates to technology transfer, where Blom has a corporate policy. This strategy rests on the company's long experience of development projects, and it centres around the methods of transferring production technology. As a strategy for this purpose it is clear and articulate, and it appears to be well understood among the people employed by Blom. It is also consistently operationalised on the two projects, albeit in different forms.

Strategies for organisational development are not that apparent to us. The two project organisations have been successfully established, and that can of course be seen as strategy in action. But it is uncertain what will happen at a later state; if the organisations will survive, in what form, and under whose ownership. The development of organisations does not appear to be guided by strategic intent, but rather respond to the legal and practical opportunities presented by the Indonesian authorities in order to get the projects implemented.

Institutional development does figure as prominent and respected activities under the two projects. But in terms of strategy and policy, it seems as if technology transfer has been the subject of most strategic thinking and policy development, whereas institutional development, has been left for management to cope with more or less ad hoc. The development of linkages between organisations, coordinating inputs to databases and making sure that geographical information reaches sophisticated users, are all examples of activities that take place, but depending on time and opportunities. There is no consistent strategy for these purposes.

Roles and responsibilities of actors

The two projects in Indonesia have a total budget of more than 1.000 million NOK, which must make them some of the larger undertakings in Norwegian bilateral development cooperation. But Norway only finances part of the projects, and besides it does so under a credit scheme, where it is really only the grant element of the credit which should be considered as development assistance. Nevertheless, the projects represent major undertakings under Norwegian development cooperation.

Therefore it is rather surprising that NORAD plays such a limited role on the projects. The projects are handled under the section for business development, but the section relies on the external assistance for substantive reviews of the projects. Hence there is a contract with the National Mapping Organisation (Statens Kartverk), who supplies a consultant to undertake monitoring visits to the projects once a year (there is one such contract for each project). The monitoring reports are received by the programme officer, but so far the reports have mainly concluded that the projects develop as they are expected to, that the production targets are followed and that the training programmes are implemented. There has not been much follow up of institutional development, nor have these issues been problematised or developed through the reviews.

The Norwegian embassy in Jakarta plays a limited role and is not engaged in day to day work. This is due to the fact that there is no NORAD personnel stationed in Jakarta. The Embassy is actively involved in improving the framework for Norwegian companies active in Indonesia, is very often called upon to give advice and to be a trouble-shooter when difficulties arise. The Embassy is also heavily involved whenever agreements need to be negotiated and concluded on behalf of NORAD.

Consequently, it is mostly Blom who has developed the two projects, in cooperation with their Indonesian partners. As far as we understand the developments,Blom has a strategic intent with their presence on the South East Asian market. It seeks to

develop projects that are in line with national interests and priorities. Thus, the feasibility study which lead to the land mapping project was actually financed by the partners themselves. The company's strongest concept lies in the production technology and in technology transfer, and it is on these variables that they build their competitive position.

The Indonesian government has established the long range framework for the projects in the two consecutive 25 year development plans. Even though the project activities were developed by Blom, there can be no doubt that they fall within Indonesian government priorities, and in fact were drafted in outline well before Blom and their partners picked up the ideas. At times there is a contradiction between the suppliers initiatives and the recipients ownership of the project activities, but here the two appear well coordinated. The projects appear in the blue book of government financing, and this indicates that they are assigned real priority.

There are thus strong links between Blom and their partners on the one hand, and the Indonesian government on the other hand. NORAD appears to play a secondary role. It has few contacts with the project, and for those contacts it has, relies largely on contracted external assistance. NORAD's follow-up is concentrated to making sure that the project documents are followed, and the monitoring reports that we have perceived relate to the targets established in these founding documents. At the inception stages, NORAD assessed how the projects relate to Norwegian objectives for bilateral cooperation. At the time, it did not consider institutional development, but saw this as an aspect of organisational viability.

Process of cooperation

These two large projects are run in a surprisingly decentralised operation. At Blom headquarters in Oslo, there is a back stopping function, but most of the managerial capacity is deployed in Indonesia. The two project organisations run according to their own logic, under the coordination and supervision by Blom representative in the country. Even though we tend to take a critical stance of the project organisations because of their temporary status, we must recognise that they appear to be effective vehicles to run the production to the satisfaction of BAKOSURTANAL (and in accordance with the plans).

Naturally there are conflicts, but these appear to have been contained and diffused at an early stage.Blom have effective channels of communication, and work closely together with their counterparts. The local partners in Narcon and Dantarsa have important roles to play in making sure that the links to the official establishments are smooth and cooperative. There is also a

strategy of maintaining communication at all levels, and to solve emerging problems by rational means as soon as they occur.

In theory we would expect large cultural differences between Indonesian and Norwegian staff. Many of the Indonesians found the Norwegians peculiar in their managerial style. Not in any negative way, just different. But the Indonesians also credited their colleagues with making good efforts at learning about Indonesian ways; they particularly appreciated that many Norwegians took the trouble to learn the national language. However, there was no doubt about who accommodates to whom. The Indonesians all meant that they take great pains to accommodate to the Norwegian staff, when their culture requires some particular form of behaviour.

The Norwegians also find the Indonesian culture special, but also mainly in positive terms. They mention how important it is to «save face», never to be impolite, to maintain proper and cordial relations, but at the same time to be easy going and unpresumptuous. The relationship is thus based on a high degree of mutual respect. At times the Indonesian staff may feel that there is too much of a difference between national and expatriate staff, but in general the working places appear to be harmonious.

There is also a strong organisational culture. We used a questionnaire instrument to measure organisational culture and found no major differences between Norwegian and Indonesian personnel, but a strong corporate culture. The instrument is designed to measure values and attitudes according to four managerial modes; an authoritarian mode, a formal and bureaucratic mode, an achievement oriented mode, and a human relations oriented mode. There was a strong preference for the achievement oriented mode, followed by the formal and bureaucratic mode, whereas the others were not much favoured by anybody. The Indonesian staff had a somewhat stronger preference for the achievement oriented mode and the Norwegian staff for the formal and bureaucratic mode, but the differences were small.

Concluding remarks

The two projects here have a major potential to leave important contributions to institutional development. Since the beginning, that has also been the ambition. The targets of institutional development have been articulated by Blom and their partners on the Indonesian side, whereas NORAD has played a minor role.

The project also shows that people hold different views of what constitutes institutional development. The predominant view is that institutional development equa-

tes technology transfer, and hence these activities are also well articulated in policies, strategies and work plans. Institutional development in the sense of inter organisational linkages are also recognised, but are not elaborated to the same extent. In fact, thye are only a small share of total project activities - but they are important nevertheless.

The question is if institutional development could play a more prominent part at this stage? The answer is that it probably could in respect of the land mapping project, in particular if the contacts with the Bandung Institute of Technology were further developed, and if the ad hoc production of maps according to demand could be accommodated while the other production targets are still kept. In respect of the maritime project, there are many hard issues of knowledge management to consider, for example in terms of pricing policies, access, distribution of profits, development costs etc. But many of these issues cannot be discusses without concrete examples. Hence, the real institutional development probably cannot start until much of the data production is accomplished.

The projects have an emphasis on technical production, and it is obvious that this production is necessary before any significant institutional development can take place. But it would be important that the actors take the preparatory steps to develop the inter organisational linkages, otherwise the risk is that the geographical information will not have the impact on planning and use of territorial land and waters that the Indonesian government expects.

CASE 2. PHYSICAL PLANNING AND INSTITUTIONAL DEVELOPMENT IN PALESTINE

Introduction

When the project was initiated in 1994, the West Bank and Gaza had been under Israeli military occupation since 1967. Before that, the two territories were governed by Jordan and Egypt respectively, prior to that by British colonial rule, and before that they were part of the Ottoman Empire. Hence, no modern national administration has ever been exercised by the Palestinian people over their own territory. With the signing of the Oslo Agreement in 1993, an important step was taken on the road to an independent Palestinian state.

The Palestinian machinery of government has to be built from the ground up. The Interim Agreement between Israel and the PLO signed in 1995 asserts that powers and responsibilities concerning civil affairs relating to Palestinians shall be transferred to a Palestinian National Authority. The legal base of government consisted (and consists) of remnants of laws from previous rulers. The institutions of the Palestinian administrati-

on were yet to be created. The governmental structure and the division of responsibilities were not clear and there was a lack of basic administrative procedures and policies, within as well as between different ministries.

Physical planning has an important role to play in the foundation of a new national administration; indeed, it is essential to the establishment of the state. It has been remarked that the Palestinian delegates often arrive to the negotiation tables with empty briefcases, when their Israeli counterparts have theirs full of maps, statistical information, and other geographical intelligence. Apart from these rather special circumstances, there is a demand for physical planning to improve infrastructure and the environment and to set policies for development based on Palestinian interests. The Palestinian society is in a period of transition and this requires physical planning.

Description of the project

The project is the result of one of the first agreements and contracts to be signed after the Peace Accord. The overall goals is said to be «to develop capacity in physical planning to enhance coordination for well-balanced development processes in the West Bank and Gaza». The project is located in the Ministry of Planning and International Cooperation (MOPIC), where it is eventually expected to develop into one of the ministry's directorates. The task facing the project is to meet the long standing need for proper handling of physical planning issues; that is, within a rather short period of time it is required to establish adequate capacity, come up with procedures and coordinate efforts for planning processes at the local, regional and national levels. Lack of updated and accurate data coupled with lack of appropriate planning institutions, structures, systems, policies, procedures, and expertise makes the task as urgent as ever. It should also be recognised that organisations as well as individuals compete to carve out a niche for themselves in the emerging national structures, and they compete for the funds provided by overseas agencies' development cooperation. The project takes place on a scene characterised by turbulent conditions. Following a brief introductory phase, the project entered into the second phase in January 1996. A full Logical Framework Analysis was completed, together with a detailed work plan. In this context, it will be sufficient to quote the purpose, which is:

- to integrate resources within the existing civic structure in the West Bank and Gaza Strip into central, regional, and local planning capacity and administration

- to formulate overall policies for physical planning in the West Bank and Gaza Strip

- to enhance capacity for developing legislation and regulatory procedures for planning and permissions

- to assist in capacity development of Palestinian planning institutions

- to introduce participatory processes for developing and coordinating physical planning in the West Bank and Gaza Strip

- to train Palestinians who will be able to perform planning tasks efficiently

- to enhance coordination of efforts in order to develop national information systems for planning.

The project document identifies three interconnected levels of intervention; the institutional building level (which is of primary importance to us), the planning activities level, and the training level. The second phase of the project has an expected duration of three years (1995 through 1997), and a total budget of USD 10.4 million.

The major actors relating to the project

The Ministry of Planning and International Cooperation (MOPIC) was founded at more or less the same time as the project started. As the name indicates, the Ministry has two responsibilities; on the one hand planning, and on the other hand it is also the central body for the administration of development cooperation from other countries. Both these tasks bring the Ministry into close cooperation with other ministries with substantive, sectoral tasks, such as, agriculture, housing, transport, jurisdiction, and others.

As for the planning wing, it is fair to say that this was built around the project, as at the time it was basically only the project which had staff, some form of infrastructure, and capacity to plan. It is not so any longer. The background description above should also make it clear that many organisations are concerned with the project in various ways. At the national level, it is in particular the following central government bodies which can be identified;
The Orient House,
The Legislative Council,
Ministry of Agriculture,
Ministry of Economics, Trade and Industry,
Ministry of Justice,
Ministry of Local Government,
Ministry of Transportation, and
Ministry of Tourism and Antiquities, as well as the following public institutions;

Palestinian Environmental Authority
Palestinian Geographical Centre
Palestinian Water Authority,
Palestinian Bureau of Statistics,
as well as all municipalities,
and the universities of Al Azhar, Bir Zeit and An Nahaj.

Several non-governmental organisations are related to the project in various capacities. Some are providing inputs to the project (in the form of geographical information), others take part in the participatory planning processes, yet others are utilising the outputs of the project. Some examples of such organisations are;

Palestinian Hydrology Group
Palestinian Institute for Arid Land and Environment Studies
Ecole Biblique
Riwaq: Centre for Architectural Conservation,
the Environmental Law Institute, and
Eco Peace - the last one being a consortium of NGOs from Egypt, Israel, Lebanon, Jordan and Palestine who have in common that they work on the assessment of the environmental impact of regional development. The consortium is based in east Jerusalem.

NORAD is represented through its office in Gaza, and of course by the Embassy in Tel Aviv. The project is supervised from the substantive section (fagavdelning) of NORAD, and the same external resource persons have been used for project preparation, assessment, follow-up missions and evaluations. These have been professionals from the Oslo School of Architecture, and from the Norwegian Ministry of Environmental Planning.

The consultancy input to the project was put on tender, and the contract was awarded to a joint venture operation between Norconsult, Asplan-Viak and Soteco. Norconsult is a well established consulting firm with long experience from project implementation under the Norwegian aid programme (as well as from other financiers). Asplan-Viak has also implemented projects under Norway's aid programme, but as a company it is more oriented towards the domestic market. Both firms are fairly large and posses several competences. Soteco is a smaller firm, and part of the FAFO group (labour union cooperation).

Technology transfer

One of the most important ways in which technology is transferred in the project is through training, taking the form of on-the-job training, specialised courses, general upgrading within planning, and master programs. There is a mixture of practical and theoretical training, longer and shorter inputs, expensive degree

programmes abroad and cheaper training in Palestine. The total training budget is USD 700.000.

In the initial stages of the project, the training programmes were slow to develop. The semi-annual progress report of the first 6 months of 1996 refers to problems with local logistics, organisational inertia, and other obstacles. But the review also noted that some of the reasons for delays were being overcome.

On-the-job training was defined as training excursions to Norway, to visit public institutions and authorities in the subject matters covered by the programme. (Somewhat surprising, as on-the-job training normally refers to training provided on the job; that is, directly at the desk or at the machine, where the person being trained works.) This part of the training was related to institution building, as the people on the excursion were exposed to Norwegian institutions' mandates and ways of working.

The specialised courses were organised in Palestine, and upgraded the staff of the project in subjects such as English writing skills, AutoCad software as well as other general computer and software use, and project planning tools. There have also been a number of participants sent from the project to specialised seminars and training programmes abroad; as for example Advanced Training in Water and Waste water treatment in Germany, and similar programmes in the U.S.A., U.K. Israel, Sweden and Cyprus.

Whereas these programmes were arranged outside of the project, it has been part of the job of the expatriate advisers and the management of the project to develop in-house training programmes. There was extensive training in methodologies for landscape analysis and in computer aided mapping; courses in planning theory, transportation analysis, basic analysis in planning, regional analysis and the presentation of planning documents. By the end of 1997, a total of 15 courses had been implemented.

In conjunction with the Oslo School of Architecture, a one years Master Programme has been developed. This programme provided the M.Sc degree in Urbanism/Technology. Studies for higher degrees have been financed at other universities. A total of 14 people have done or are presently completing their masters' degrees, and one person is working on a Ph.D.

The evaluation in 1997 concludes that the training component of the project has been successfully implemented, and has caught up with the planned extent of training expected of the project in spite of the late start. The training has in the main been directed at the projects' own staff, and it could be argued that the training funds could also have been utilised to provide training for people in organisations related to the MOPIC. Perhaps the training could also have been instrumental

in building links between institutions; that is, it could have gone from technology transfer for organisational development to building institutional links (which is implied in the project document).

Even though the training programme appears to combine practical and theoretical elements in a well-balanced mixture, we took note that the Deputy Minister in Gaza was very disillusioned by the training inputs. His comment was that «*the training proposed in the project document was not relevant to the job at hand, and that these activities had no or limited impact on his organisation*». However, his voice remained alone. Personnel at lower levels as well as all the West Bank management were very satisfied with the training provided by the project.

Technology transfer does not only take place through training, but also through the establishment of working routines and procedures, organisational structures etc. However, we will treat these aspects of technology transfer under the heading of organisational development. The question is if the physical planning activities under the project also should be considered technology transfer? We are inclined to leave these activities to the side, even though we clearly recognise that they contain significant elements of technology transfer. But in the project document they are treated as activities which lead to a clear and unambiguous output, namely a plan, a visible document. The production of this document is not first and foremost a process of technology transfer; it is a production process, which may or may not lead to technology transfer.

Does the training also have an impact in respect of the gender objectives of Norwegian development cooperation? Both female and male students need role models to relate to in their training. This is why it is important to use both female and male consultants, lecturer, trainers etc. This promotes the idea that competence and capacity is not related to gender but to individuals. We do not know what staff that has been used in the project for the specialised courses, master studies and general upgrading courses. On the job training has on the other hand been conducted by a majority of male Norwegian consultants; among 24 Norwegian consultants only two were women. This mean that the female staff have not had many female role models in their daily work.

Organisational development

Organisational development is treated extensively in the project document as well as in the work plan, in the various follow-up documents and in the evaluation of 1997. It it is treated as an aspect of institutional development. In history, the project actually came before the organisation; when the project started the MOPIC

did not yet exist. First it was housed under the PEC-DAR, and when the Ministry was created, the personnel of the project moved over. This was a total of almost 70 people, with considerable resources and external support. It is fair to say that the Ministry's planning capacity was actually built around the project.

A number of basic elements of organisational development that were addressed, although many remain to be completed. The first relates to the overall mission and mandate of the Ministry itself. Unclear boundaries between government institutions worsen the competition for resources and often lead to direct conflicts over duties and responsibilities. A clear mandate is a prerequisite for the development of the internal structure and for the substantive work the Ministry is to engage in. As the evaluation report of 1997 notes, such a mandate remains to be established.

It is naturally difficult to establish departments and directorates within the Ministry when the overall mandate is not finalised. Nevertheless, there are now structures within the Ministry, and recent organisational charts appear to have a better conceived structure than those related in older project reviews. Still, the 1997 evaluation report points at remaining unclarities, not least between the project, the directorate it takes place within, and between that directorate and other departments within the Ministry.

The project output was to establish a well functioning central planning administration within MOPEC by developing an organisation structure for the Directorate of Urban and Rural Planning, and through building (finalising) models for integration with other units of the ministry. It seems as if all partners agree that there is yet some way to go before the output is completed. But from our point of view, the most important conclusion is that these activities are interconnected with what we identify as institutional development. The mandate of the Ministry serves to define its role in the governmental structure, and it is important both for the organisational development and because it will be the the base from which to build relations to other organisations.

All the project staff are newly recruited. Many of them are young, actually the average age appears to be below 30, which should be a significant advantage. There are no women within the top management. On the other hand women are well represented at the professional level; 67% in the West Bank office and 40% in the Gaza office are female. But when the project is consolidated into a regular directorate of the Ministry, several people will have to go (almost 50%).

The expectation is that these will find related planning jobs at municipal levels, or with the other organisations the Ministry is related to. The dispersion of (project trained) staff is thus one way to also help build

links, as those who transfer will hopefully keep their contacts to the former colleagues in MOPEC. But it must be a rather painful process to choose who will remain, and the competition for the best jobs will probably destroy some of the networks of contacts that have been established.

Systems development, or broader institutional development

Looking at the activities of the project, it is possible to identify four separate levels of institutional development; (1) the development of a legal framework for planning; (2) the development of nationwide norms and standards of planning; (3) the development of cooperative mechanisms to work with other organisations; and (4) activities to enhance the use of planning documents, to make sure that plans are understood and used, and to give the subject of planning a chance to be involved in the planning process. These are all activities that relate to the external environment of the Ministry; to its network of contacts with organisations in and outside of government, and to the end use of the services provided by the Ministry.

The project faced many challenges to its institutional development. Unclear mandates, in particular between MOPEC and the Ministry of Local Government, created obstacles. The latter ministry could point at Jordanian law, which prevailed on the West Bank prior to the Israeli occupation. According to this, physical planning at municipal and regional level was under its mandate. Hence several of the activities that the project got engaged in were disputed.

At the same time, it must also be recognised that a planning unit which receives major international support will be regarded with some jealousy by other organisations, particularly if these also claim that they should work in the same field. As for the MOPIC on the West Bank, the issue of legislation has not been fully resolved yet, and hence the relations between the two ministries are not good at the policy level. But at the technical level, it seems as if a modus operandi has developed. We will return to this below. The Gaza wing of MOPIC has been more successful in establishing a working relationship to the Ministry of Local Government. The two deputy ministers in Gaza have signed a joint statement on the division of labour, responsibilities and mechanisms of coordination, which is said solve the differences (the document only exists in Arabic, so we could not verify its relevance).

The Planning and Building Act

In order to see how work in institutional development can progress, we will describe the development of a National Planning and Building Act. It is of course obvious that an Act in this field is an important part of societal institutions. The Act serves to regulate the use of land, define the authorities over permissions for land use, and the responsibilities and freedoms of actors in society, be they industrial firms, farmers, road builders, or simply individual families developing their plots of land. In a political situation like in Palestine, with continuous incursions by Jewish settlements, the formulation and establishment of a Building Act is an important element in national policy. At the same time, we can safely assume that any legal professional shortcomings in the act will be fully utilised by interests hostile to the Palestinian people.

The first activity relating to the Act was to undertake a detailed background study on planning and construction legislation. This was commissioned from the Law Centre of the Bir Zeit University, and is published by the project. When the Act is to be developed, it was necessary to cooperate with the Ministry of Local Government, but as we noted above the communication broke down and cooperative efforts were stalled for several months. The differences are not yet resolved, but in spite of the poor overall situation, the two ministries formed a technical task force to proceed with the work. This task force is composed of five people; a planner and a lawyer from each ministry, chaired by the deputy minister (and project director) from MOPIC. This choice must have been controversial, but we could not verify exactly how it was made.

In such a sensitive and conflict prone situation, it is usually important that rules of influence and procedures are clearly established. This was done through the establishment of a mandate for the task force, and it is worth quoting these in detail:

«1. The task force, appointed by the Physical Planning and Institutional Building Project, shall operate as the body responsible for drafting a new Planning and Building Act for Palestine. The task force shall convene meetings and write brief minutes from the meetings.

2. The task force shall write and develop background papers and proposals for consideration by the Advisory Group and by the Task Force members.

3. The Task Force shall be composed of an equal number of members from the Ministries of Local Government and Planning. Others may perform work for the Task Force, but the members of the Task Force shall be responsible for its work.

4. The Task Force shall put decisive matters to a vote of its members. In the event of a split vote, the director of the project shall have a deciding vote.»

The text above raises some questions, as for example concerning the extent of meetings, the calling of meetings, review of protocols, and other formalities. However, the point is that the development of institutional links must be formalised in this manner, and the mandate quoted above is a step in the right direction. The alternative would be to leave contacts ad hoc and informal, and thus far more dependent on mutual good-will.

There is no doubt that the Ministry of Planning has weak links to many other ministries, and hence a review of the links with others could lead to different strategies in respect of setting mandates for various types of coordinating bodies. But they would look different, dependent on the nature of conflicts (or simply divergent interests) and the task they have to solve. Issues like these are the nitty gritty details that make up the reality of institutional development.

Furthermore, the Ministry has also established an advisory group for the new Planning and Building Act. The advisory group consists of representatives from six other ministries, as well as some representatives from other institutions. The purpose of the group is to facilitate liaisons between the organisations that have a stake in the establishment of the Act. It is a good example of how links between institutions are established and formalised, but we have many question marks in relation the mandate and the working processes of the advisory group. Let us quote the draft mandate:

«The Advisory Group, appointed by the Physical Planning and Institution Building Project, shall operate as an advisory body for the activities concerning drafting a new act pertaining to planning and building in Palestine. The project shall convene the Group's meetings and write brief minutes from them.

2. The Advisory Group is obliged to evaluate the background papers and proposals which are submitted to it by the Physical Planning and Institution Building Project.

3. The different members of the group may notify their opinions concerning any question dealt with in the background papers or proposals. Any member of the Advisory Group may also raise a new issue or aspect which he/she means ought to be considered by the project. The way such matters are to be followed up, has to be decided by the project.

4. There is no general rule for putting the actual matters to a vote. Neither is there a demand for common agreement or consensus within the group. The leader of the Advisory Group may, however, decide to put any proposal to a ballot.»

In particular, we find the specification of the nature of the inputs from the Advisory group rather vague, given that the Act will be such an important document. But it is appropriate that the mandate tries to regulate which matters that may be discussed by the group, and also how they could reach decisions. It is not specified who will act as chairman. Given the importance of the post, this should probably have been established together with the mandate. Again, clever decisions in aspects such as these are the flesh on the bone of institutional development.

Neither does the mandate specify how and when the group will meet. Actually, the Ministry has not yet convened the group. All our interviewees said the Ministry was reluctant because the group might raise a number of difficult political questions, which they would not know how to handle. Instead they might convene more technical meetings with people from other organisations at a later stage. This sounds like a paradox to us, as the most important role of the group would presumably be to sort out such difficult political issues. If these issues are not dealt with now, under the preparation of the Act, they will become an obstacle to the establishment of the Act at a later stage. Much as we appreciate the initiative to establish the Advisory Group, we question the wisdom of never convening it.

At present the work on the Act seems to progress rather well. A draft framework has been established, and this is gradually filled with legislative content. The task force meets regularly, and the informal contacts at technical levels between the two ministries work very well. Once the draft legislation has been presented, it will be forwarded to the National Planning Council, and from there to the Legislative Council. If the «political» issues referred to above have not been dealt with satisfactorily before, this is also where it will end - or will rest until these issues are resolved.

Norms and standards

Yet another important part institutional development is the project's work on nationwide norms and standards of planning. According to the work plan, the task is to identify standards, norms and guidance material for physical planning and suggesting a framework of developing them. It is difficult to get a grip of how the activities are to develop. The work plan contains detailed descriptions of most of the project's activities, but on this subject we read under the column «task» and «ex-

pected result» respectively; «develop internal standards for plan presentation» and «internal standards for plan presentation will be developed». Turning to the Logical Framework to get a clearer view of the work involved, we find the same sentences repeated as outputs and indicators!

The evaluation of 1997 noted that the activity is to be guidelines (colours/legends etc.) for mapping and plan proposals. The standards are for presentation and not for general mapping, but should relate to both local, regional and national level. This would probably be disputed by some of the other ministries, who perceive that local and regional level planning (and thus standardisation) fall under their mandate. The evaluation concludes that standards for mapping and plan presentations have been drafted, but are not yet accepted, the work on identifying priorities has not made much progress. Perhaps this can partly be attributed to the lack of specification on what, when and how to engage in these activities. There is no doubt that the activities themselves are important and difficult, and stand at the very core of what is meant by institutional development. But the project work plan largely leaves them to be developed ad hoc during the implementation.

The development of cooperative mechanisms to work with other organisations

Institutional development refers (among other things) to the contacts between organisations; that is, if organisations are the nodal points in a network, then the links between them are of particular interests. Looking at a «network landscape», what is it that these lines between the nodes consist of? We have touched upon the answer when we spoke of the Planning and Building Act. Part of the answer is that the links between organisations consist of laws and regulations. But the links also consist of the channels of communication between the organisations. The richer and more diverse these channels are, the more institutionally developed is the society.

The links contain both formal and informal channels of communication. We were naturally not in a position to assess the informal channels of communication during our brief visit to Palestine, but we did discuss the issue of the formal mechanisms. The project is expected to develop a model for cooperation between itself and the Palestinian Bureau of Statistics. We did not see any model, but the approach as such is interesting, and when an English version of such a model is available, it may well hold a more general interest.

The Ministry has numerous relations to other organisations, and some will be more conflict prone that others. The exact nature will depend on many things, such as the nature of the task, the involvement of other actors,

differences in funding and competence, the legislative background etc. A general model of inter-ministerial cooperation is part of the government framework in most countries, but such models tend to be very abstract. In practice, people seek cost-effective solutions dependent on the context on each particular link. In Palestine, the link to the Central Bureau of Statistics will certainly differ from that to the Municipality in Ramallah, or to the Geological Institute. The links to the Ministry of Housing will differ from those to the Ministry of Tourism. To develop these institutional mechanisms the project would need to both develop a general model, and to pinpoint the variety in design variables to adapt to the contingencies of each link.

Activities to enhance the use of planning documents, to make sure that plans are understood and used.
Much as plans are important for the development of institutions, they are not actually institutions by themselves. In this project, they are a production output, and that is how they must generally be understood. Plans are important inputs to institutional development, but they are not «the thing itself». But activities that promote and enhance the use of planning documents must be considered institutional development, because it is when the plans are used that we can speak of the institutional development of society.

These notions are also well understood by the project, and many activities take place to promote the knowledge about, and use of, the plans that were produced. There were intensive contacts with the community to organise a general hearing on the regional plan which was developed for Jericho, and similar meetings have also been suggested around the National Environment Plan. The latter plan would be presented at several hearings in different parts of Palestine. The hearings were advertised in the papers, on radio and TV. During the hearing, the project personnel, together with others who had taken part in developing the plans answered questions, explained reasons for the content of the plans, but - most important - listened to opinions, objections, suggestions for improvement.

In sum, we found several interesting examples of institutional development on the project. These examples do illustrate what institutional development is all about. That does not necessarily mean that the project has successfully solved these issues, nor that these are the only issues concerning institutional development that need to be addressed. But it is one of the few projects we have come across which contain a range of activities above and beyond organisational development that are called institutional development. The examples illustrate what can be done at this level, but they also illustrate that the practical knowledge on how to systematically promote this kind of institutional development is rather weak.

Policies and strategies for institutional development

While there are no documents that present policies and strategies for institutional development as such, it is clearly visible from the whole project design that institutional development has played an important part in the thinking behind the project. The institutional development level is the first of the three levels of intervention identified (though this level also incorporated organisational development). The strategy can then be said to identify three aspects of systems development; that is, aspects that are explicitly defined:

- Developing links between organisations; that is models for how inter organisational cooperation shall take place. Two organisations are specifically mentioned in the project papers, the Central Bureau of Statistics and the Ministry of Local Government.

- Developing national legislation; that is, the Planning and Building Act.

- Developing guidelines from mapping and planning presentations, and developing priorities for norms and standards in these areas.

The project's intents are commendable, but as our review has shown, several question marks can be raised concerning the implementation. The evaluation of 1997 found that the project lacked behind in institutional development. But the evaluation itself does not go into much detail in analysing or explaining the work that has actually been done. The amount of work, and the efforts at coordination, undertaken in connection to the Planning and Building Act is, for example, not really treated. The actual problems in developing the links to the Ministry of Local Government are not much elaborated either. This is understandable, issues like these are usually embedded in complex political and cultural conditions, that are very difficult for foreigners to penetrate. Thus, the major problems in institutional development do not relate to policies and strategies as such, but rather to the practical capacity to operationalise the intents.

But it is important to remember that institutional development has to rest on solid substantial ground. The review above illustrates that much of the instruments of institutional development are organisational coordinating mechanisms. Task forces, advisory groups, legislative preparation, public hearings, and other modes of inter organisational work are costly; not in direct costs but well in terms of opportunity cost. Hence the venues must be filled with good substantive content. It would be impossible to develop public hearings around planning issues if there were no plans to discuss. It is useless to have a framework to discuss legislative proposals, if proposals are not produced. The model for cooperation

with the Bureau of Statistics serves no purpose if the organisations do not produce or use population statistics. Hence, the project's strategy to develop production of plans simultaneously with, and even a little bit ahead of, institutional links is probably both prudent and necessary.

Yet another aspect of institutional development is the approach to employ and train within the project twice as many people as will be necessary in the future directorate of the Ministry. As mentioned above, these will later be deployed at other contact points. This is fine in its own right, but the actual process of how this will be done is not resolved, and the «recipient» institutions may not have in their plans to employ the layoffs from this project. If the «strategy» is to work, it would seem to require far more attention than it gets at present.

Roles and responsibilities of actors

There can be no doubt that NORAD has had a highly visible and important role to play on the project, from the beginning and up to the present. A few examples will illustrate the point. During the development of the project idea, NORAD's substantive section was engaged in a detailed dialogue with the Palestinian authorities on the design of the project. During these discussions, NORAD made sure it had access to relevant expertise in physical planning by drawing on resource persons from the Oslo School of Architecture and from the Ministry of Environmental Planning.

The contacts to these resource persons has since been elaborated, and these experts have assisted NORAD in annual reviews and evaluation reports, and they have played a part in quality control of the outputs from the project. Soon after the start of the second phase of the project, in 1995, suspicions arose over the use of funds. NORAD immediately called for an evaluation, with an emphasis on financial accounting. The same resource persons were engaged, plus accountants from an international firm. It was completed in late 1995. The point here is that NORAD responded quickly to an emerging problem situation, and it was defused before it got really serious.

When the project design was completed, NORAD put the contract on tender on behalf of the Palestinian authorities. Two firms submitted tender proposals, and these were analysed and assessed by MOPIC (in consultation with NORAD). One of the tender proposals came from the joint venture described above, Asplan Viak, Norconsult and Soteco. This was the winning proposal, and after a negotiation process the contract was signed and the consultants started working early 1995. The responsibility for project management rests with the Palestinian authorities, in particular with the Deputy Minister on the West Bank. The Deputy Minister in Gaza is assistant project coordinator; an ar-

rangement that is unfortunate in terms on the tensions and rivalries that develop between otherwise equally «high» government officials.

The consultants thus report to the Palestinian authorities, and their contract is actually with the Ministry of Planning and International Cooperation. We should also take note that the project as such is much larger than the consultancy contract, which makes up less than a third of total project expenditure. The project employs a total of around 80 persons, but there are only five expatriate advisers under the consultancy contract. The bulk of the work is thus undertaken by the Ministry itself, often without the involvement of the expatriate advisers.

It is important to recognise that the «ownership» of the project to a large degree lies in Palestinian hands. The Norwegian expatriates are advisers, and behave as such. There is of course no doubt that they play an important role in the project, particularly in respect of actual physical planning. The advisory team also has a part in preparing and documentation decisions at the management level in the MOPIC directorate where it is placed. But management is Palestinian, and thus the overall responsibility for the institutional development effects are Palestinian.

The strongest links between actors on the project appear to be between NORAD, with the assistance of external resource persons, and the Palestinian authorities, in particular on the West Bank. The consultants are appointed to undertake a job, and they fulfil their role in technically delivering the services they are requested to do by their terms of reference. But the future development of project, the visions of where to go when it comes to an end - these and other strategic concerns appear to be dealt with by the MOPIC management and NORAD.

Looking closely at it, NORAD is of course not one but many actors. There is a division of labour between the NORAD office in Gaza, and the headquarters in Oslo. The local office undertakes functions in respect of daily control, administrative matters, disbursement of funds, etc. In Oslo, there is a division of labour between the regional and technical departments, where the former assesses the project in terms of overall policy, and the latter provides substantive back stopping. From our point of view, it is worth noting that aspects of institutional development appear to be monitored and considered largely by the substantive section, in cooperation with external resource persons. We also note that there has been a long continuity on the post of the officers in charge, both at the regional and technical departments, which certainly contributes to build up an in-depth understanding of the project and its environment.

Process of cooperation

From its very start, the project appears to have been ridden with conflict. Let us point at the major dimensions of these conflicts;
First, there is the rift between the MOPEC and the Ministry of Local Government, which cuts to the core of the project activities. Though a certain modus vivendi has developed, the core issues of conflict have not been resolved yet. There can also be other similar differences/conflicts with other ministries or external agencies.

Second, there is the rift between operations on the West Bank and in Gaza. These are of a political and personal nature, but also due to the difficulties in communication between the two Palestinian areas, and their differences in background.

Third, there are the differences between the directorates within the Ministry, where only the project receives external support, and where the project largely outsizes any other department.

In addition, there are numerous small problems that relate to the authority of the project managers and the consultants, the extent of training, financial and other administrative details. These are extensive, but beyond the scope of our study. The point is not that there are conflicts as such, on the contrary, it is worth noting that the institution building aspects of the project are really targeted to resolving these conflicts. It lies in the nature of institutional development to pinpoint and find ways to circumvent or overcome such conflicts. One of the major lessons of the project is thus to recognise the nature of a political and conflict ridden environment and to design practical activities in institutional development that work on the weaknesses in terms of mandates, legislation, structures and working processes, that hamper development.

Working in Palestine is certainly very different from Norway, and all things considered, it could be expected that the Norwegian advisers have to accommodate to the local culture in many ways. Needless to say, many of the consultants have years of experience from working abroad, and also in the Middle Eastern region. But, there are still new cultural factors to recognise in Palestine. Our visits to the project sites presents at least two, mutually exclusive views.

The Norwegian advisers tend to emphasise that the cultures are very different, and that cultural factors have a bearing on how the project is implemented. In particular, they point at the importance of extended families, or clans, which puts a bias on recruitment. They also attribute various external constraints to culture, as for example the difficulties to move that are imposed by the Israeli military authorities. Their unanimous

conclusion is that the cultures are very different, and the Palestinian culture is rather difficult to work in.

Turning to the Palestinian staff and managers, another picture emerges. Most of them do not see any particular problem, they usually find the Norwegians easy to work with, social, and with a good understanding of the Palestinian environment. Some note that perhaps the Norwegians at times expect another way of working than is common in the Middle East, and then they (the Palestinians) usually try to accommodate and do as the Norwegians expect. One senior manager commented that there are really no differences at all; «the Norwegians must have some Arab origin».

Generally, the Palestinians were reluctant to point out differences in culture between Norwegians and themselves. They only mentioned positive characteristics. Some Palestinians pointed out that short term consultants in the project were not well prepared when they arrived in Palestine and they did not understand the complex environment of the project. Gender aspects are part of the project at several levels. We have seen above that there are several female professional staff employed in MOPEC, but very few advisers that were female. However, more important is the extent to which gender issues are addressed in planning itself. We have not studied the plans, and that is not our task, but in respect of institutional development, there are several questions to raise.

Almost all ministries in the Palestinian National Authority have a Gender focal point, whose responsibility is to mainstream questions around gender equity. MOPIC is expected to be the coordinating unit for the rest of the ministries regarding gender activities. The reason to put this unit within MOPIC was its central role in relation to the other ministries and also to the donors. Today the unit consists of twelve people and another four will soon be hired. The Gender unit works with different issues, such as; (1) a strategy for the development of Palestinian women, (2) training to empower women who work in the different ministries, and (3) to send key persons for training in gender issues.

Despite the fact that the unit used to be in the same building as the project and that they are part of MOPIC there have been almost no contact between the Gender Unit and the project. The Director of the Gender Unit has in informal way raised the question with both the project leader and other staff. They are at the moment planning a three day course for the technicians and the engineers on how to incorporate gender in to the planning process.

Concluding remarks

The project illustrates that institutional development is a topic that can be addressed in project form and under a contract to consulting firms. NORAD has an important role to play in formulating the logic of the intervention, in monitoring and evaluation, and in the design of future collaboration efforts. The consultants have an advisory and technical role to play, and the institutional development efforts are clearly dependent on a clear and articulate local ownership of the activities.

Institutional development must be balanced with training and production - in this case of of plans. Without substantive inputs, institutional development can hardly materialise. In this project, the consultants have tended to focus on the production inputs and the Palestinian partners on institutional development, which may well be a fruitful division of labour. The project addresses institutional development, but within the project, the expert advisers focus on production.

In spite of the fact that the project bears the words «institutional development» in its title, these activities account for a fairly small share of total expenditure. Looking at the activities described under institutional development above, we estimate that these make up less than 10% of the project costs. There are several reasons why they may appear rather «cheap». First, the consultants are not much engaged in them, hence the personnel costs are low. Second, these costs are seldom full-time costs, but arise in connection to other duties, perhaps of an ad hoc nature. Finally, the many of the costs would be indirect and perhaps hidden under more visible outputs and activities.

The logic of the intervention shows that there are several different understandings of what actually consists institutional development. The difference between organisational development and institutional development is not articulated. This is not a criticism, since the definitions we use are neither universal nor undisputed. But in the long run, people would certainly be helped by using words for the same intentions.

It has been pointed out by a recent evaluation that the institutional development activities of the project lag behind. We are not entirely convinced that is true. It is important to recognise the process nature of institutional development, and the process itself is only outlined in project documents and work plans. It is thus difficult to conclude what the achievements are in respect of intentions, and it is equally difficult to give due to credit to the results that have been achieved. An evaluation of institutional development requires far more specific competence in these very issues, and time to penetrate the issues at the field level.

The project is presently considered for an extension of one year. The MOPIC has asked that institutional development efforts will play a larger role, and that the consultants should make sure that people with the necessary competence for such tasks are recruited. It is also suggested that the issue of transfer of personnel from MOPIC to local government and other planning organisations be incorporated as a specific project element. It is also suggested that this year will be last year of project support, and that this will be followed by an institutional cooperation programme, between the Ministry of Environmental Planning in Norway, and MOPIC.

CASE 3. NORCONSULT'S JOINT VENTURE IN TANZANIA BACKGROUND

Norconsult (Tanzania) Ltd. (in the following NorTan) was registered as a local company and as a subsidiary to Norconsult International, (in the following NorInt), Norway, in 1991. Before the registration, Nor Int had been represented by a project office in Tanzania, with both Norwegian experts and local staff. The new company took over all the local staff from the previous project office. One of the local staff members was appointed Managing Director for NorTan. At the beginning there were 4-5 employees. The second year of operation the work force grew to 15 people. Only a year after the registration of the local company, NorInt's project office closed down, and the expatriates left. During that year, the company and the project office shared the «logistic» in terms of premises, secretary services, office equipment etc.

Norconsult International has a number of branches established in different countries, but Norconsult (Tanzania) Ltd. is the only subsidiary company, reporting directly to the President in Norway. The others are organised under different departments within NorInt, and are mostly managed by Norwegians. NorTan is independent, but is naturally working together with NorInt. Most of the NORAD related projects are contracted to the parent organisation in Norway, and the local company provides/sells services to the project and the parent organisation. An estimated 30-40% of the activities in projects are in some form financed by NORAD. The rest of the income is generated independently by NorTan, and have other financiers, like Sida, the World Bank, local Government bodies etc.

At present the company has 32 employees. Final discussions on a large project within the water distribution sector is going on. If successful, another 10 employees must be contracted for that project. In the proposal, there are two expatriates from Norway included as back up resources. The rest of the manpower is local. The turnover of the company is in the range of 10 million NOK, and the budgeted result for 1997 is slightly less than 1 million NOK.

Actors relating to the project

In essence there are only two actors of organisational significance, and that is Norconsult and NORAD. The firm is a majority owned subsidiary, and is only the Tanzanian general manager who holds a minority post of shares, of around 10%. As a very brief background picture, Norconsult is an international consulting and engineering company established in 1956. It has a permanent presence in more than 15 countries in Africa and Asia. The shareholders of Norconsult are the major architectural and engineering consultancy companies in Norway, as well as major energy utilities. Norconsult represents a partnership with a resource base of 2.600 experienced engineers, architects, economists and other professionals. Its international expansion dates to the early 1970s.

NORAD plays two roles in relation to the subsidiary. First, it is the single most important client, as around 40% of the turnover in the Tanzanian subsidiary is generated from NORAD's projects and programmes in Tanzania. But NORAD also had a role to play in reducing the risk of making the investment in Tanzania, through the instruments under the private sector development programme. In this case, it is not through loans or guarantees, but through training.

When the subsidiary was established, NORAD provided a grant for training of local personnel. The total amount was around 400.000 NOK. This may seem to be an almost insignificant amount, but we should remember that consultancy services is a knowledge intensive sector, with little use of hardware. The total capitalisation of the company is of about the same magnitude, and thus an initial training investment of this nature could be equal in importance to a significant equity contribution.

Technology transfer

Some of the staff used to have close relations with Norwegian experts, before the local company was registered. The initial period of the company meant some further close cooperation with experts, who remained for another one year. Since then, NorTan has only been indirectly supported by the parent organisation, which has secured contracts for projects in which NorTan has played a role. There was never any formal counterpart arrangement, nor any formal training through courses, study tours, or any other structured approach to training.

The company recruited young qualified engineers with little experience and trained them to the required competence. In the road construction sector, this policy has been successful. In the water projects sector it was not, the reason being that there was lack of suitable projects

for training, the gap between recruitment and project work was too large. Regarding the hydro power sector, it is always the parent organisation which takes the leading position. NorTan is not even involved in project preparation. It is difficult to understand why, as it has proved competence in all other fields.

As the company does not have any personnel development strategy, training is always ad hoc. There has never been any policy, strategy or structured program for training of the staff. Nevertheless, the ad hoc based training has been considerable. The company supports participation in seminars and shorter courses, in Tanzania or abroad, and can also support studies on leisure time in terms of financing books and other study material. There is no training in Norway, and never has been. The individual officers have to find suitable training activities, and apply for financial support (and leave) from the company. The company had an advantage from the very start, as it could inherit a complete working system from the previous project office. This system has changed only when procedures together with the parent organisation has made it necessary (accounting for example). Otherwise, the administration is kept very simple.

Organisational Development:

The organisation/the company has steadily developed from the small scale unit when it started (4-5 employees) to the present level (above 30 employees). This development has been directly related to involvement in projects. The strategy has been to grow slowly and to have a work force which corresponds to the actual workload; first to have the job, then to find suitable resources. It might happen in very special cases that someone is employed only because of extreme competence, to make sure that he or she will be a resource in the future to the company, rather than to the competitors

The administrative system has developed. The office is computerised. Everyone has access to computers. There is an internal resource for on the job training on computers, but also possibilities to have special courses arranged by external resource companies. The accounting system had to be uniform with Norconsult International´s systems and routines. The NorInt Chief Accountant visits NorTan frequently (2-3 times a year) to follow up, give advice and correct if necessary.

Most of the staff from the project office period are still with the company. The low turnover of personnel can probably be attributed to the nice atmosphere and working environment. The remuneration is reasonable, even good, compared to other companies. Some of the Tanzanian consultants are now hired as experts by the parent organisation. One example is an engineer, who

has been promoted to residential engineer, subcontracted by the parent organisation. This is a rare situation, as, according to tradition, the experts from the foreign company used to have this role.

The Environmental department is unique in the region. In 1993, the company decided to develop this department, as such areas were often part of the projects. A British expert, directly employed by NorTan, started to form the unit by hiring resource persons from the University. It now has 5 qualified officers and access to external resource persons. Also other consulting companies have started to utilise this unit. This «soft side» is required in most projects, as environmental and socioeconomic aspects are of interest for all the donors. The core of the unit is to work out Environmental Impact Assessments. At present they are all busy with field work. In addition to their basic education, they are trained via on the job training, group work and discussions.

Systems development, and broader institutional aspects

Let us then turn to institutional development, to find out what role it has. As we have seen, both technology transfer and organisational development appears to have worked rather well. NorTan appears to be established, and to have strong position on the local consultancy market. When we asked about institutional development, the response was: «NorTan does not really have neither the role, nor the possibilities to develop local institutions. In some projects, there are components of training of the client´s staff. The client institution gains from this training, but it is a limited input and could hardly be called development, rather normal training». So the firm does not have a consultancy role where it helps to build other institutions. But what about its own networks? Is it possible to conceive of those in terms of institutional development?

The company obviously has contacts with banks and other institutions, but no more so than is necessary. It does not create links per se, but rather benefits from the services that exist - and that are necessary, such as having access to a bank. We cannot see any institutional development effect in these respects. But as we have pointed to above it is also possible to see the market as an institution. If we view NorTan as a project, which may have institution building effects, it is really only in terms of market development that such an effect could possible be traced.

The market for consultancy services is often poorly developed in countries in the Third World. Still, a diversified and professional consultancy corpse is essential to industry, as well as other sectors. It enables these to purchase services rather than to invest on their own,

and as such is may lower transaction costs considerably. It seems as if NorTan has contributed in a positive sense to this market, which is still diversified and highly competitive. However, we are reluctant to see this as a contribution in itself. The clients are almost only aid agencies, and it is thus a highly artificial market. Its existence cannot be taken as a healthy sign in its own right.

Policies and strategies for institutional development

As the discussion above makes clear, none of the actors have followed any policies and strategies for institutional development in relation to this project. Norconsult has an overall strategy to establish local subsidiaries, manned and managed by local personnel, in an international network. The purpose is presumably to establish a permanent presence to be able to follow new projects, and to make use of a larger pool of talent - as well as to be able to offer more competitive prices because of the lower costs of a local office generally, and the lower wages more specifically. But these policies and strategies relate to organisational development, and to the extent that they have an impact on institutional development, this impact is indirect and ad hoc.

Process of cooperation

Under this heading we look particularly at the impact of cultural differences, and the experiences of cross-cultural management. The general opinion expressed during the interviews was that there are no cultural problems, only differences. The local manager has an international education, mainly in Norway, and is quite experienced in handling another culture. Some of the comments from various people in the organisation were:

«It is easy to work with Norwegians, they are not arrogant as other internationals can be. They are very soft, understanding and polite. Sometimes, more of a language problem, Tanzanians can say something meant as a joke, experts might take it too serious.»

«Norwegian experts are a bit shy, compared to other Scandinavians. They have a tendency to stick together too much. Not very open to other social communities.»

«When it comes to technology transfer, the Norwegians are much more careful than others. It is a feeling that they do not give away more than necessary, that part of the technology is kept as a secret, hidden for locals. There is one example from a road construction project, when a certain technology was not revealed to locals, only shared among the experts. Could there be patented technologies? It is the same with design of projects, so-

metimes the local staff is not involved or utilised as a resource. According to experience, companies from other nations act differently.»

«It is important to have experienced, or mentally well prepared experts for the field work. If not, there is a tendency to see only negative things in the country and in the project. Some experts expect things to be like back home. Definitely it is not, and frustration will be there. The problems are not often found in project work, but merely in the project environment, (bureaucracy, contacts with Ministries, custom procedures, etc.)»

«There are situations when a local is the manager. African management can be difficult to accept. This is not only for Norwegian experts, but generally. Even the local staff can sometimes prefer to or naturally turn to an expert to discuss a matter that should have been discussed with the management. Also donor agencies and institutions have shown signs that European (expatriate) management was expected. This is a tradition / culture problem. It should be noted that the management from the parent organisation has never shown any such attitude, but gives full support to the local management.»

«It is a challenge to work in a new environment. The difficulties are not very serious. For a European it is easy to come to a culture, which has partly been shaped to fit Europeans through the colonisation. It must be much more difficult to Tanzanians going to Asia or Europe. Tanzanians have more difficulties to deal with white culture. The donors demand the Tanzanians to participate in an economic race that is not natural for their culture.»

«It is a super advantage to have an African management. Now I can fully concentrate on my job, the things I am good at, while the management deals with the tasks more suitable for them, (language differences, culture, family problems, local contacts, etc. It is a nice feeling to be employed directly by the company, and with normal terms, You feel more as one of the family. Most expatriates have contracts with donors, depending on one specific project and with a limited duration.»

«The Environmental unit is quite unique, and is utilised by clients not only in Tanzania, but in the region (Kenya, Uganda, Malawi, Zimbabwe, etc.), and outside the Norconsult sphere. It is noted that in such cases, it is mainly the expatriate that is requested. Despite that the unit has a total competence, the world does not yet trust a Tanzanian as an expert.»

The quotations show rather different perceptions of where cultural differences lie and what the real problems are. However, the differences may not necessarily become a problem, as one of the interviewees ex-

plained. Still, it is not difficult to imagine that some issues that are related to culture could become more value-laden, If there is a feeling that expatriates withhold professional information, this could easily lead to more serious conflict.

But, our interviewees were unanimous in that conflict situations are very rare. Problems are normally discussed and negotiated and are not allowed to develop into that stage. Many could not even recall any situation that could be regarded as conflict. Practically speaking, the situation supplier - client is well covered in contracts and project documentation. It can hardly lead to conflicts if both parties follow the terms.

In respect of gender issues, there are no policies or strategies. When women are employed it is totally based on qualifications and personality. The senior level in the company has a representation of 4 women (out of totally 14 people on that level) These women are found as; Personnel and administration manager, Senior Sociologist, Senior Ecologist and Social worker. The company has 5 engineers, all of them are men. One reason is that it is hard to find women with the proper education. Another reason is that much of the project work is carried out in remote areas, under tough conditions, and it is not easy to recruit women to such assignments. There are exceptions, the Social worker is a young girl, and presently assigned to the Lower Kihansi project, where she is working at the site.

As one interviewee said: « I try to hire women to my department (Environment), as they in most cases work better, are more reliable and loyal. In these «soft» professions there are quite a lot of women to be found. Out of totally 5 in my department, 3 are women. Pregnancy is a practical problem, but should not necessarily be so, the company can assist to solve many of these problems by finding means to allow the woman to continue to work. The clients are impressed if women are part of the team.»

Concluding remarks.

The company has developed into a well recognised and reputed local resource for project implementation. According to the manager, the parent organisation was careful when starting up the company. Through involvement in a number of different projects, not always in cooperation with the parent organisation, they have gained experience and trained the staff to such a level that projects are now mostly handled independently from the parent organisation.

The Technical Engineering activities are concentrated on the domestic market. The Environmental department is unique, and operates all over the region (e.g. Kenya, Uganda, Zambia, Malawi etc.) When active in

the region, it is most often under the name of the parent organisation Norconsult International, so far probably having more status than a «Tanzanian» company name.

technology transfer and organisational development have thus functioned to the satisfaction of the people and the actors involved, but we do not find any evidence of institutional development. Even though the market could be considered an institution, we are reluctant to conclude that the company's presence on the market can be seen as an aspect of the development of that market. It would be a far-fetched conclusion, and also the market we speak of is highly artificial.

Summary of the three cases of institutional development through private consulting firms

The three cases show that institutional development is indeed possible, feasible and desirable through the channel of private consulting firms. But is also a subject which is misunderstood, or rather understood in many different ways, and often neglected.

The process of technology transfer was designed in many different ways, and most projects followed several ways to build up individual competences. One project had an elaborated formal training structure, with a heavy emphasis on degree courses abroad. Yet another had a totally ad hoc approach, with little formal, structured training but a heavy emphasis on on-the-job training. Other projects showed different types of counterpart arrangements. The point is that all these approaches seemed to work under the conditions reigning on the particular project. Successful technology transfer largely depends on careful tailoring of the inputs to the conditions on each particular project.

The organisational development on the projects similarly followed different approaches. In one case, the approach was largely determined by the legal framework for interventions (Indonesia), which left considerable questionmarks in respect of how the achievements are to be sustained. The project organisation in the form of a joint organisation between Norwegian and Indonesian firms appear to promote effective and efficient implementation, but does not solve the long-range organisational issues. Overall, the organisational situation on all projects were floating, and it may seem as a capacity to handle this uncertainty would be a major skill. But it is a practical skill, and their is a very practical bottom-line in terms of paying salaries, renting office space, and managing services, which has to be solved.

Systems development , or broader aspects of institutional development, were addressed on two of the three cases, but in very different terms. One of the projects

had planned these activities and stipulated them in work plans, but on the other the planning was very loose, and depended on incremental learning. It is not possible to say which will be more successful. The full effects can not be verified for many years to come, even though both projects have to be commended for the efforts they make. As the cases show, it is always possible to discuss how clever the particular arrangements are in overcoming inherent difficulties in institutional development.

The cases also show differences in the roles and responsibilities of the partners. In one case, NORAD had a highly visible and active role, in the other cases NORAD left most of the planning, implementation and follow-up to the other actors. The question is if institutional development had been more actively pursued if NORAD had played a more active role. We cannot tell, and it would of course depend on the skills and resources of the people in the organisation. Though NORAD made a positive contribution on the one project, it is also widely recognised that there is a need for NORAD itself to upgrade its skills in institutional development. In the next chapter we turn to a similar naalysis of projects implemented through private firms.

CHAPTER 4: A REVIEW OF INSTITUTIONAL DEVELOPMENT ON PROJECTS WITH PRIVATE FIRMS

In this chapter we will look at three different activities where private firms are engaged in institutional development. These cases as well were chosen to reflect examples of good and interesting projects, but whether they are really «good» or not is of course an open question. The point is that the cases were not randomly selected, and they do not represent the average institution building project among private firms. As we mentioned above, a randomly selected project would probably have no institution building component at all.

Each case study follows a similar outline - same as in the preceding chapter - where we first provide a background description of the project, then proceed to analyse technology transfer, organisational development and systems development respectively. Then we discuss strategies and policies, and the roles of different actors, as well as particular aspects of implementation. The cases are numbered in consecutive order from the previous chapter, thus cases 1 through 3 were of private consulting companies, and 4 through 6 will be of private firms.

CASE 4. DYNO'S JOINT VENTURE IN INDONESIA BACKGROUND

Dyno is a large multinational firm, with a presence in some 150 countries outside Norway. It had a total turnover of 9.700 million NOK in 1996, out of which 90% came from export markets. That year saw a decline in sales, which has no relevance to this study except for the conclusion in the annual statement, that the South East Asian market was the one which showed the most positive developments during the year.

The company has four product areas; explosives, chemicals, plastics and particles. It has a total of 7.700 employees, out of which 1.700 work in entities in Norway and the remainder in subsidiary companies worldwide. The annual profits in 1996 amounted to 316 million NOK.

Data such as these only provide a very sketchy introduction to the firm. The point to be remembered is that Dyno is a large firm in an internationally competitive environment. It acts on an oligopolistic market, where a group of perhaps 50 to 70 multinational firms compete for market shares worldwide. It is important to remember that some of the most rapidly expanding markets were (at least up to this year) found in South East Asia. Hence a presence there would be of great importance to the management of Dyno.

Dyno has several ventures in Indonesia, but in this case study we will only discuss one of them, which is Dyno Indria, a joint venture to produce diverse adhesives, and paper overlays. The company is located in Jakarta, but sells its products all over Indonesia and on export markets. The investment must, however, be seen within an overall framework of business development in South East Asia.

The glues and impregnated paper division falls within the Chemical Group of Dyno, and it may be worthwhile to review other activities of the division. There are three main product lines in the division; glues that are used for the manufacture of fibre boards, wooden glues and other special glues, and impregnated paper. These products are used in many consumer articles, for example in most wooden applications in homes: ceilings and walls, beams, shelves and cupboards, doors etc. Glues are also used in the publishing industries, bookbinding, shoe manufacturing and in all kinds of packaging.

In the last few years, Dyno invested heavily in this division, in particular for research and development in Europe, and entries into new markets in South East Asia. Dyno's strategy is to develop glues and related products that satisfy international environmental standards; as an example, fibreboards that are made with Dyno's glues have as low emissions of formaldehydes as do natural wooden boards. Thanks to its global network, products developed in one part of the world can rapidly be exploited on other markets.

The most important South East Asian markets are Indonesia, Thailand, Malaysia and Vietnam. Dyno Indria has recently been through a modernisation programme, and a new factory has also been established in Surabaya. Yet another factory in Indonesia is set up for manufacturing of impregnated paper. It is located in Medan on Sumatra, and the aim is to export from there to all other countries in the region. Other glue factories are being established in Vietnam and in Thailand, the latter one is also a joint venture where Dyno has the majority position. The project studied here thus fits into a regional programme of rapid expansion, largely related to the growth of wood-processing, construction, as well as many other industries.

Main actors relating to the project

Apart from Dyno itself, the most important actor is the P.T. Indria, which is the joint venture partner. This company in turn is part of an Indonesian group;

MUGI, a private industrial conglomerate, with interests in a large number of business areas. MUGI is engaged in joint ventures with other foreign firms, though of course in different product areas. They are also partners in the other ventures Dyno has in Indonesia.

P.T. Indria has a long history. The company started developing and manufacturing glues for industrial use in 1975. The first manufacturing adhesives were PVAc emulsion blendings for the paper and wood industry. Already next years, the company set up a laboratory to develop adhesives for Indonesian industry. In 1977 the company moved from its first small compound to an industrial estate outside Jakarta (which are the premises the company still uses). During the next years, new technologies were developed for polymerisation of PVAc and hot melt glues.

When the joint venture with Dyno was initiated in 1992, it was thus a relatively well established firm that Dyno entered into partnership with. Though its production processes were primitive compared to the modern Norwegian technologies, it was well established on the market, and it had both managerial and technical competence. The company was in a good position to absorb the technological inputs that Dyno could provide, and it served well as an entry point for Dyno into the Indonesian market. Indonesian laws allow foreign firms to open up wholly owned subsidiaries in the country, but for Dyno it was a more attractive proposition to establish itself through a joint venture with P.T. Indria. This gave more rapid access to the market.

Apart from the two companies who form the joint venture, the other partner of interest here is of course NORAD. When a business concept is to be financed, NORAD has a set of financial support provisions. A joint venture company, or a wholly owned subsidiary is eligible for loans and guarantees. The purpose of these loans is to encourage long term cooperation between developing countries and Norway. The loans strengthen the equity base of companies by a soft loan that has a grant element of 25%. The financial structure of a joint venture is thus made up of the different partners equity contributions (in this case, Dyno contributes 51% and the P.T. Indria the remaining 49%), plus loans from various sources. NORAD can also provide subordinated loans; that is, a loan for which NORAD does not require security and where NORAD has lower priority than other creditors in case of bankruptcy.

NORAD is represented in Indonesia by the Norwegian Embassy, but has no personnel of its own stationed there. As mentioned under the former case study, the embassy has limited capacity to follow-up and support development projects. It is mainly in the initial stages of project definition, design and negotiation that the embassy makes a contribution.

Description of the project

When the joint venture was formed in 1992, Indria employed a bit more than 300 persons, but in 1997 433 persons were employed by the company. The annual turnover amounts to around 200 million NOK. A total of 300 different products are made by the company, but they can be divided into three major groups;

(1) Solvent based adhesives are made for a number of manufacturing applications, for example in the shoe and furniture industries, automotive industry, laminating industry, construction industries, as well as for household consumption.

(2) based adhesives are used in the woodworking industries, in packaging and trade.

(3) Hot melts, are used in the plywood and furniture industries, in book binding, labelling, wax paper laminating, sanitary napkins, electronic assembly and in the cigarette industry, among others.

The market shares for these three groups of products are 52%, 27% and 34% respectively. Dyno Indria is the only company which has such a wide range of products, the competitors are specialised on a few different types of glue. The major strengths of Dyno Indria lie in that the company has a better distribution network, with its own distributors in 12 different locations around Indonesia. It provides full support to distributors, and onwards to clients, helping them to find the best technical solutions in respect of adhesives. The ambition is to tailor make the glue according to the clients needs. Therefore, quite a lot of effort goes into research and development. At present it takes 20% of total expenditure (locally), and 25 persons are employed in the R&D wing. Dyno's prices are higher than is common on the market, but the management says it does not need to compete with prices. Its products are known to be of a superior quality, and the after sales services compensate for the higher price.

So what are the advantages to the local company of now finding itself in a joint venture with Dyno? The management team mentions four advantages. First, Dyno had no production which was quite similar to theirs, hence there was a complementarity between the production lines. They were not the same, but related. There were thus synergy effects to be achieved through coordinating their sales on the Indonesian, and to some extent, on neighbouring markets.

Second, Dyno is an international firm, and Indria gets access to its international network, for example to obtain raw materials cheaper, spare parts, packaging and other services. Third, Indria can get technical assistance from the larger group, and fourth, in particular, it gets access to environmental management technology.

Glue manufacturing involves processes and the handling of materials that can be highly poisonous, and dangerous for humans as well as for the environment. There was an explicit purpose to supply the joint venture operation with an environmentally sound production process. The whole production line is now a closed system, with no vapours coming out. The company is also applying for ISO certification, but has not achieved it yet.

Technology transfer

The present company looks very different from the production line which was in place five years ago. It is now a rational, streamlined production process, which could have been seen in Norway, the U.S or in any other developed country. The number of employees has expanded, and the company has a strong competitive position. The technology transfer has apparently worked well. But how was it organised?

No Norwegian personnel were stationed in Jakarta, the management has been in local hands. In fact, the same Indonesian managerial staff has been in position since before the joint venture was formed. All of them have been to Norway for training - or perhaps familiarisation is a better word. There was no formal programme, but it can be described as on-the-job training within the Dyno group. The local company pays for its part of the training, but Dyno took care of local costs in Norway. Given that the training had to be financed out of the company's earnings, it was of rather short duration. Last summer Dyno organised a special 3 month training programme for sales and marketing officers.

So the formal training arrangements that can usually be distinguished on an aid project have not been significant. There was no expatriate advisers and very little training. Still, the technology transfer has been substantial and effective. Most of the technology transfer has actually taken the form of hardware. It is a whole new process which has been established. But apparently it has come with proper and accurate turn-key knowledge, and the local management has of course had access to Dyno for whatever back stopping advice it needed.

It is interesting to note that these experiences reflect the above mentioned evaluation of Swedish joint ventures in developing countries (Bjern et al, 1997). When there was a competent and capable local management, hardware was effectively utilised, and the major benefits came from this provision of equipment. Managerial skills were seldom transferred, but to the extent that human skills played a positive role, they were always there from the beginning. The significant contributions from Sweden were money and machines, but knowledge could not be transferred. To the extent

the projects succeeded, it was because local management was capable of absorbing the other inputs and put them to good use. The same appears to be true on this project.

Organisational development

We have no indications that Dyno has worked explicitly with the organisational development of its subsidiary. It does not claim to have done so, nor do the local managers refer to organisational development emanating from the advice or support from Dyno. Nevertheless, it must be recognised that technological development and organisational development are interrelated. The marketing strategy has a distinctly modern flavour, and it is likely that the exposure to the practice of the international firm has influenced local management in this respect. Similarly, Dyno uses key data on turnover, profitability, market shares etc. for steering purposes, and this attention to financial keys are certainly felt at the management level, and constitutes a force of innovation in the organisation.

But organisational development is not a project per se. The positive effects - or rather the change that we have observed between Indria in 1991 and Dyno Indria today - comes from being integrated into an international organisation. Company wide policies, for example on gender, labour relations, education, ethics and codes of conduct, are applied in Norway as well as in Indonesia or the U.K. It comes as directives, manuals and guidelines from headquarters, and the local operation is expected to comply. After all, Dyno has a majority share of the equity capital and dominates the board. There is no doubt that the company is an integrated part of the multinational firm, and as such its organisation has changed dramatically and for the better.

Systems development, or broader institutional development

Let us then turn to institutional development. Are there any effects at this level from the project? Let us first make sure that neither the local management nor Dyno make any claims that the joint venture has an institution building effect; that is, an effect that goes beyond building a commercially viable and competitive organisation. The project does not effect legislation, nor does it have any effect on inter organisational links at the macro level of society, such as between ministries, planning commissions, or similar units.

Naturally, the firm has some links with research organisations, and it has commissioned research tasks from the Bandung Institute of Technology. It has contacts with banks and insurance firms, environmental protection agencies etc. that are normal for a firm of its size

and position in the economy. Even though these links could be called institutional development, they are not explicitly developed more than is necessary to make business. The firm is so small, that it would be awkward to point at these links as some form of result from the project. If the links did not exist, we would have to note that the firm existed in an environment which lacked the necessary institutional development. As they exist, the firm taps into them and uses them. The environment has already reached a level of institutional development which is conducive to the growth of this and similar ventures.

To pursue the discussion, we need to return to the definition of institutional development. In their seminal work on institutional arrangements conducive to growth, North and Thomas (1973) focus on «those arrangements which enable units to realise economies of scale, to encourage innovation, to improve the efficiency of factor markets, or to reduce market imperfections». So it seems as if we have to turn to a market analysis to discuss the institutional development of the firm. This may seem highly theoretical, but then again, it is a theoretical question so it needs a theoretical answer.

The market we are speaking of here must practically be confined to that of adhesive products; that is, where sellers and buyers of adhesives meet so to say. We are not discussing the market economy of Indonesia generally. What are the characteristics of the adhesives market? First, it is competitive, there are several domestic producers and some international firms. Part of the products are exported directly to Indonesia from abroad, and other international firms work with joint ventures with national companies (as Dyno does).
Second, it is an open market, new firms enter and others go bankrupt and exit. In particular, it appears as if technological developments rather rapidly forces companies out of business. There has been a village production of glues. Small scale entrepreneurs boil glues in their backyards, products that are of a low quality but also cheap. Note that they could also be dangerous as the chemicals involved are toxic. These producers are rapidly forced out of the market, which causes unemployment or at least loss of incomes. In other areas we would consider this a detrimental effect, but with these products we think it is far better that modern production methods substitute old ones. Village production of glues was bound to entail very high social costs.

Third it is a diversified market, with hundreds of different products. With the development towards tailor-made glues it is becoming even more diversified. Fashion plays a role as well, and in combination with technical developments lead to shifting products and varied relations to clients.

The review of the project activities makes it clear that Dyno Indria is leading in all these developments, hence

as an actor it is helpful in developing the market. We can probably rather objectively analyse the market for glues and find that it is a far more developed institution now than it was 5, 10 or 20 years ago. But we must also recognise that Dyno Indria do not exist to develop the market, they are there to exploit it and make money from the opportunities it presents. As a part of its strategy, market development - institutional development - occurs.

Could a joint venture such as this have a negative effect on institutional development, on the market? Yes, it probably could. Part of the sign of a sound market is that there is competition. At present Dyno Indria has a very strong position, with a market share of more than 50% in one product line. Under monopoly conditions markets become less effective as allocative mechanisms and they are no longer conducive to innovation. Naturally, most firms strive to dominate a market, but when they succeed they are no longer contributing to the socially most desirable conditions. They have a detrimental effect on institutional development rather than a positive one.

Foreign aid usually introduces subsidies of some kind, which distorts the competitive position on the market. Unequal access to capital may not always favour the most efficient producer, or the firms that best contribute to the institutional development of the market. In this case, it seems as if several other producers also have access to various forms of foreign support, or domestic subsidies of different kinds. The whole market is imperfect in this sense, and the loan from NORAD does not upset the working of the competitive mechanisms much. But it is an aspect which must be considered under similar projects, and there is always a danger that loans and grants from external agents, even though with the best of intents, will undermine the workings of the market institution.

Strategies and policies for institutional development

It should be quite clear from the discussion above that there has not been any strategies and policies for institutional development in the sense that we use these words. As a commercial establishment, the firm naturally has a marketing strategy and a strategy for business development, personnel development etc. But the company is not concerned with institutional development as such. That does not preclude that it has a positive effect on institutional development, at least as far as we can gauge the situation today. The effect depends on what the company does, and our conclusion was that the technological emphasis of Dyno Indria, its approach to the clients, and its choice of product portfolio constitutes a development of the market. In that sense, the business strategy coincides with institutional development, but as far as we can rate it, this is a pure coincidence, not a strategic intent.

Roles of the different actors

Dyno and Indria are the main actors, and the distribution of tasks between them is clear. Dyno provides access to its global networks of contacts, technological competence, and business policies. Dyno has also invested in the equity of the joint venture, and has helped secure funds from NORAD. The local management is in charge of the operations, and are also responsible to seek advice and support from Dyno when they perceive a need to do so. They are responsible for performance in respect of profitability and other key financial and business data. There is nothing unusual or complicated about this.

NORAD's role may be more interesting. Briefly stated, Dyno Indria received the loan directly from NORAD. The application came from Dyno Indria and was copied to the Ministry of Finance in Indonesia, as it had to be informed about the inflow of capital, but that was all. No further contacts with the Indonesian bureaucracy were necessary (to get the project approved). NORAD assessed the project according to its standard procedures and reached an affirmative decision. The managers of Dyno and Dyno Indria were of the impression that this was handled smoothly and effectively. NORAD's participation on markets such as Indonesia is important. The political risks are considerable, and the instruments that NORAD posses to reduce this risk are highly appreciated.

The decision made by NORAD seems to consider first and foremost the soundness of the business proposal, the reliability of the partners, and their ability to repay the loan. In this particular case, it was specifically mentioned that the environmental impact of the technological upgrading was significant, and that this was a social benefit consistent with Norwegian development policies. The assessment did not consider aspects of institutional development.

NORAD follows up on the project with visits to the project regularly. It is usually a programme officer from NORAD who comes and spends a few days at the project. NORAD also receives business activity reports and financial reports, and the auditor's report. The repayment of the loan is of course also an important signal that the conditions of the agreement are met. The embassy in Jakarta has a minor role to play, the project managers have occasional contacts with the embassy, but mainly in respect of social functions. There is no substantive follow-up of the project from the embassy.

As far as our interviews revealed, the follow-up from NORAD concentrates on business development. We have not found that NORAD has made any inputs to the performance of the company, nor suggested any changes in respect of how and why it goes about business. It has been a rather passive form of control, where NORAD has been able to verify that the joint venture is developing successfully, and in accordance with the plans. There has not been any reason for NORAD to get more thoroughly involved, and hence NORAD appears to have followed the motto «if it ain't broke, don't fix it».

Concluding remarks

The project described here appears to be a well run and successful joint venture operation. The main partners have reached their objectives in terms of market positioning and technological development. Institutional development has not been an explicit concern for them, nor for NORAD. But the institutional development aspects are considerable, as the market the company acts on is highly affected by its presence. As an institution, the market has developed; competition is sharper and the processes of diversification and technological development are accelerated. In this case the effect on the market was positive, but it could also be negative under different environmental conditions. The partners cannot be expected to base business decisions on their contributions to market development, hence NORAD may need to consider such aspects when loan agreements are being negotiated.

CASE 5. TANELEC IN TANZANIA

Background

TANELEC is a joint venture established in Arusha, in northern Tanzania, to produce transformers. 70% of the shares are owned by ABB and 30% by TANESCO, the parastatal Tanzanian power supply company. The joint venture company produces transformers, mostly for the domestic Tanzanian market (50% of the sales), but also for other markets like Uganda, Ethiopia, Malawi, Mozambique, Nigeria and Ghana.

The company was originally established in 1981. At the time, TANESCO and the Tanzanian National development Corporation held 70% of the shares and ABB Kraft of Norway held 30%. But in line with the privatisation efforts of the Tanzanian government, the ownership structure has recently been remodelled, and the new shape of the company was completed in 1995. Since ABB international took over the majority post of shares, they have also launched an intensive investment programme and new equipment has been added to the production lines.

The production has more than doubled since 1996, compared to 1994 - 95 and the prospects look good for the present year as well. This increase of production is a result of the support TANELEC has got from

ABB sales departments in the above mentioned countries. The result is that TANELEC probably has to expand its production capacity in the next couple of years.

TANELEC has been managed for the last three months by a management team from ABB. The company consists of two product divisions; transformers and switch gear. Around 150 people work with transformers and some 35 people with switch gears. The workshops are headed by six supervisors on the transformer side and one supervisor on the switch gear. In addition there is a procurement department and a financial department. In total, the work force at the plant consist of some 200 people.

In spite of the Scandinavian management team, and the controlling position of ABB, the company has had problems with fraud within both procurement and the finance department. Almost all the staff of the finance department were involved in a fraud. The policy from ABB will in the future be to put an expatriate at the head of these two departments. In spite of its success on the regional markets, and in spite of the technology transfer, it is thus a troubled company.

Main actors relating to the project

There is a limited number of actors in relation to the project. ABB international hardly needs any introduction. TANESCO (the Tanzania Electrical Supply Company) is a parastatal firm in charge of power generation and distribution in Tanzania. The National Development Corporation (NDC) was a parastatal established to identify and implement industrial development projects, and it once had a central position in the Tanzanian economy. At present, its future is uncertain, and since the privatisation it is no longer an actor on this project

Technology transfer

The technology transfer following the privatisation has taken the form of substantial investments in machinery and equipment. But there has also been an intensive staff training programme. The training needs were laid down in a human resource development plan, which was supervised and coordinated by ABB's human resource manager for East Africa. The plan has been completed (almost) and its effects will be evaluated next year. The following are some examples of training programmes that have been implemented:

- all managers from supervisor level up to management level has gone through a performance management course,

- all staff has to participate in a course called Business Wise, which is a basic course about work in private companies,

- all 48 employees in the workshop were trained in transformer knowledge,

- eight welders have received a three week welding course,

- all employees who did not speak English have to attend a basic English course,

- new employees, as well as those who have a need, go through a computer course,

- all managers participate in seminars about labour laws

- all staff have to attend an «ABB knowledge» course.

The training is followed with quarterly progress reports to the human resource manager for East Africa. It is estimated that 80% of the total work force of 196 has been trained in at least one of the courses. The training has been executed by ABB staff from South Africa, and it is paid from TANELEC's own funds.

Organisational Development

The company has been through considerable change during the last two years. It has changed from being a parastatal under NDC to being a subsidiary of a multinational firm. It is generally held that management today has far more discretionary powers in production planning, strategic decision making, and personnel management, to name a few examples. The change to the ABB group has also entailed a dramatic improvement in production technology, including computerisation and modernisation of the production lines. Organisational structures have also changed. To point to an example, two subdivisions were created from the procurement department and the number of staff in the department has expanded. The purchase section has also undergone changes in different routines and systems. The procurement manager has for example developed a system for computer based purchases. One production manager was not satisfied with the information flow from the department. He developed a format that the staff need to fill in every time they place an order, to increase the information flow. A system for follow up has been developed by the manager. Another action to increase the information flow is to have regular meetings between the procurement department and the production managers.

The result of the organisational changes within the procurement department is that the department works more smoothly. The orders are placed in time and supplies now usually arrive in time for the production. The transfer of one person to Dar es Salaam has increased the effectiveness of the customs clearing process. Today there are no big problems with procurement and the co-operation between departments runs smoothly.

TANELEC has introduced a performance management system. When TANESCO was the major shareholder, a person's salary depended on number of years he or she had worked. Today the salary depends on performance. But the new system has not showed any result within the procurement department. They have evaluated the staff using an ABB format consisting of indicators showing the staff ability to take initiatives, establish good working relations, etc.

The acting financial controller changed some routines in the beginning of his assignment. For example he demanded to see all the documents that passed the finance department. The purpose was to get an overall picture of how TANELEC worked. This system created a lot of confusion, so after a while he changed back again. The whole accounting system was old and needed to be computerised. This process has taken two years. A new suitable computerised system was hard to find. Not until recently did the firm finally get a system that works.

The new financial control manager has the ambition not to get involved in details. He introduced the routine of staff meetings every day. He felt he had an open discussion about what changes that needed to be implemented. The staff agreed to his suggestions, but as soon as they reached the implementation stage the staff resisted. He tried to make them realise that if they performed well they would get more responsibility and no new expatriate would be needed. For a long time the finance control manager thought the reason he could not implement the changes was because he did not understand their culture. After April he realised that the staff did not want to change the present system because it was easy to manipulate.

In 1995 the shareholders decided that the human resource department needed to be restructured. The responsible persons within TANELEC were the top management and they worked closely with the human resource manager for East Africa. At that the time the department consisted of more than 50 people. Transport, security and environment (cleaning, garden etc.) was transferred to the productions side and became a separate unit together with maintenance. In this process four people were retrenched. The result was that the department was downsized to 5 people

The result of the privatisation, organisational changes and training are increased production. There are also notable differences in the work efficiency among the staff. A couple of years back the staff could spend working hours talking and they were slow to return from breaks. Today the staff work efficiently and all kinds of abuse of the system has decreased. The capital base of the company is solid, there is a more frequent supply of raw material, they work with higher production goals and the work is more performance oriented than before. There can be no doubt that TANELEC has become a more viable organisation under the present ownership.

Systems development, or broader institutional development

In this section, we will examine the external relations of TANELEC to try to discuss what constitutes institutional development. TANELEC's contacts with the Tanzanian import authorities is handled in Dar es Salaam. Goods arriving to Tanga or by airplane are handled by different clearing agencies. These agencies have been used for many years. TANELEC has not found it necessary to do any bench marking of clearance agencies, because they know from experience that the prices are almost the same, but the service varies. Other clearance agencies have not approached them trying to sell their services.

TANELEC have used several different local transport companies to transport their supplies from the arrival port during the years. At the moment they are trying to establish a long term relationship with one company. This is the second try, they used one local transport company for a couple of months, but after a while their prices started to increase. TANELEC is approached by a lot of transport companies, but the trucks are usually in a poor condition or the company is to small for TANELEC's needs.

TANELEC deals with around 30 different suppliers, mostly European. But stationery is bought locally. Everything is bought directly from the supplier. Before TANELEC was privatised everything was bought through ABB Kraft in Norway. The customs demand a lot of documentation. The problem is to gather all the information from the suppliers. TANELEC uses Stanbic Bank in Arusha and the Standard Chartered Bank in Tanzania. The National Bank of Commerce is not used because they have low interest rates and bad service. TANELEC is not satisfied with the service from the local banks; they are very expensive and the performance is not very good. As an example it takes two weeks to transfer money to Europe. ABB has therefore helped them to get in contact with foreign banks in London and Oslo. TANELEC has several times talked to the manager of the lo-

cal banks and expressed dissatisfaction with the performance. No improvements have been noticed.

TANELEC has problems with the sales tax in Tanzania. The 30% sales tax has to be paid when the goods is delivered, which is before TANELEC gets paid. TANELEC has discussed the matter with the sales commissioner, but the sales commissioner just blames the regulations. The ABB manager of East Africa brought the matter all the way up to the Ministry of Finance and threatened to move the factory from Tanzania. TANELEC also tried to cooperate with other companies like General Tyres. They had no success in either case.

TANELEC deals with several different authorities like the Immigration Office, Labour Court, Industry Court, Ministry of Foreign Affairs and Ministry of Science and Technology. The human resource manager has dealt with these authorities for more than 13 years, so she has developed good contacts and knowledge about their routines. TANELEC therefore never has any problems when dealing with this authorities. When TANELEC was privatised new contacts had to be developed with for example other ABB companies, to get assistance and information. It is of course part of the normal routines of a firm to develop links such as these, and it is obviously a necessity to buy banking services, freight services and the like, and to comply with the relevant government legislation. The company has no intent of institutional development with these links, and its presence in Tanzania does not develop these links per se either. So what are the institutional development effects, if any?

Again, our conclusion has to be that to the extent that we can speak of any institutional development, this lies in the market development. To what extent is the market for these products, switch gears and transformers, more developed through the presence of ABB in Tanzania? The question is difficult to answer, in all likelihood the products themselves would be available anyway, but would perhaps be imported rather than produced locally. These products are also produced and sold on an oligopolistic market. If ABB had not been established in Tanzania, it is probably quite likely that some of ABB's competitors would have been there instead. Although it serves Norwegian (and Swedish) interests better to see ABB established on the market, this probably matters little in a global perspective. The connection to market development - as an aspect of institutional development - is highly tenuous.

Policies and strategies for institutional development

Neither ABB nor any of the partners have any responsibilities for institutional development in the sense that we use the word here. Consequently we have not observed any polices or strategies for this purpose. TANELEC is managed as a subsidiary of a large multinational firm, which means that technology is transferred for business purposes, and the management introduces the organisational changes that it finds necessary to run a profitable operation, which - as far as we can see - is their sole interest and their most important mission.

The process of cooperation

There are four expatriates working on a long term contract for TANELEC. We spoke to several of the staff, both local and expatriate, and got a number of comments on the extent of cultural differences:

«If TANELEC asks a local supplier for a quotation it always takes longer time than the supplier promises and TANELEC needs to phone several times. This culture also exists within TANELEC and not only among the locals. The expatriates tend to be influenced by the locals. There are of course individuals within the company who are very hardworking and enjoy their work.

«A manager in Tanzania has more freedom to take decisions and is also more of a manager. An example is that a financial controller not only works with finance but also with human resource development, retrenchment programmes, etc. This is however only true for the expatriates. The power within TANELEC lies with the expatriates managers. The locals usually do not question the authority of a manager. On the other hand the management is more available at TANELEC compared to other companies in Tanzania. The management listens and take into consideration peoples problems and ideas.»

«Other differences compared to local companies are that the bureaucracy is not so large, the staff has a more serious attitude towards their work and the staff is treated a lot better at TANELEC»

«The expatriates never get emotional. An example is if one of the locals have not completed a task the expatriates point it out, but they would never get aggressive. The expatriates are much more straight forward than the locals. A local would usually go to the manager instead of telling you straight what is wrong. «

«A big difference between the locals and expatriates is of course the life style. An example is that the locals have a smaller income, but a bigger family to support compared to the expatriates. Therefore, do the locals have more trouble at home than the expatriates»

None of the expatriates got any introductory training on Tanzania. The local staff sometimes sit down with the expatriates and explain practical things like where to

shop without trouble, how to act in markets, how to greet people and also about different ethnic groups in Tanzania. Nobody had heard about any strategy concerning cultural differences at ABB. The expatriates arriving in Tanzania do not inform the locals about their background and culture in a formal way. Some expatriates have informal discussions with their staff about cultural differences. When ABB employs expatriates to TANELEC they look for people who they think can work in Tanzania's special environment. This do not, however, mean that all the expatriates have experience from working in Africa, Asia or any other developing country.

Out of 186 employees in TANELEC there are 34 women. Most of the women work as secretaries and cleaners. There are two female supervisors; one within the procurement department and one in the workshops. One woman is an acting liaison officer, she works with follow-up of debts. Five women are working in the workshops. There are two women at top management level. Some members of the old board (before the privatisation) were not happy about the idea of a female managers. When a new board was selected the attitude changed and the board tried to convince one of the present female managers to become the new department manager. She felt she would not have everybody's assistance within TANELEC, because some local managers expressed openly that they did not approve of a female manager. TANELEC solved the situation by bringing in a new male manager who could manage the department together with the Personnel Secretary.

TANELEC has not developed any strategy around encouraging women to seek higher positions. The union has just visited TANELEC to encourage the union members to start a women division. The division is at the moment chaired by the only female supervisor in the workshop. The purpose is to deal with harassment of women at their work. This organisation has just started and so far they only had one meeting.

Concluding remarks

TANELEC is an example of successful privatisation of a parastatal company. Even though ABB was a minority shareholder since the establishment of the firm, its role has shifted considerably since it took over a majority post of shares. There has been a substantial technology transfer programme, with investments in machinery and training. The results has been a considerable increase in production, and the company has expanded rapidly on regional East and Central African markets.

But institutional development was never an objective, and we cannot realistically point at any such effects either. None of the actors had any such ambitions. From a theoretical point of view it is possible to specu-

late on whether the market as an allocative mechanism and as institution has developed as a result of the presence of ABB. We find it hard - and far fetched - to forward any such argument.

CASE 6. NORPLAN'S COOPERATION WITH TANESCO

Background

In 1984 CIDA (the Canadian International Development Agency) made a pre feasibility study of the possibility to build a hydropower station in Pangani. Staff from TANESCO participated in this study. In 1989 FINNIDA and NORAD decided to support a new, more detailed feasibility study of Pangani. Staff from TANESCO also participated in this study. FINNIDA was the leading donor and the IVO group (a Finnish partly state owned consulting firm) was the team leader during the study. This followed an agreement between FINNIDA and NORAD stating that the consulting firm attached to the leading donor was appointed team leader. After the completion of the feasibility study the roles were changed, because NORAD increased their support and therefore became the leading donor during the implementation process with NORPLAN AS, Norway (NPN) as the team leader.

«Community Development» was a component in the Pangani project plan. This component was not properly defined in the plan, which NPN was criticised for by NORAD. The project «Implementation of a Field Study Unit at TANESCO» was one way to concretise this component. The purpose of developing a Field Study Unit (FSU) was to create a unit within TANESCO's own organisation with the ability to perform feasibility studies of potential projects. The feasibility studies should in turn make it possible for TANESCO to prioritise between potential projects. Another purpose was to reduce TANESCO's expenditure on international experts. There is a lot of competence within the energy sector in Tanzania. FSU was one way to gather this competence in one place. The aim was to develop a unit that could compete on the private market.

Discussion about the FSU started already during the feasibility study in 1989, but it was not until 1995 that the unit was established. The budget for FSU was included in the Pangani project and 3 million NOK were set aside, which was half of what was requested. The 3 million NOK did not include the cost for external experts or the salaries for the TANESCO staff. The budget included special training (training not being part of the Pangani project) and some material. The budget has been used to finance training abroad for some of the staff at FSU. The problem was that this money was not enough to get the FSU the infrastructure they nee-

ded. When the Pangani project was completed there were some savings, which has increased the budget for FSU with 1,5 million NOK for this year.

Technology transfer and organisational development

The organisational structure of the Pangani project was that the Resident Manager (a Norwegian) reported to the client representative, a staff member of TANESCO. The Norwegian and Finnish consultants worked directly under the Resident Manager. Five consultants worked on the Pangani site. TANESCO assigned some of their personnel to work with the Pangani project. These staff members were trained on the job by the Norwegian consultants and were also part of Resident Managers staff.

One of the consultants took a particular interest in the development of FSU. He developed and trained almost the same kind of unit in Ethiopia before the Pangani project started. His counter part at TANESCO was the training coordinator (Manager for Research & Development). The role of the counterpart was to develop a comprehensive training program together with the Finnish consultant. When the program was implemented the counter parts role was to manage and follow up the program. These two persons together with the Project Manager at TANESCO for Pangani formed the FSU project group. This group prepared all the necessary decisions to the management and had regular contacts with the staff selected for FSU.

The need for development of TANESCO's competence in the area of feasibility studies was identified by the consultant during the feasibility study process. The initiative to establishing a FSU was, according to the project document, taken by TANESCO. The consultant and the training coordinator from TANESCO put together a proposal for developing the FSU. The proposal specified the role of the unit, what kind of key persons that was needed and the organisation. The involved staff and the management were all given the opportunity to comment on the proposal. When the management had approved the proposal the consultant and the training coordinator started to select people to the unit from the TANESCO staff at Pangani. Important criteria in the selection procedure was that the staff had experience from both feasibility studies and construction of hydropower stations.

Ten people were selected for the FSU. The training they got was part of the Pangani project. Some extra workshops and seminars were, however, given to the FSU and one person was sent for training in England. The idea behind the training was to give the staff on the job training first through being part of the feasibility study and then as part of the construction team. Part of

the training was given in Norway and Finland where the staff visited different power stations. Part of the training was to let the senior staff train juniors and be responsible for presentations given to, for example, the donors.

Before they joined FSU, the staff had to complete a feasibility study as a final test of their competence. The consultants did not participate in the study, they were just observers and assessed the completed study. This assignment helped developed the FSU as a team. Another result was that the counterpart organisation increased the managerial skills of TANESCO staff through their observation of the consultants and participation in management workshops. TANESCO's environmental competence has developed through the Pangani project. Staff have participated in workshops around environmental issues. The next step is to develop an environmental policy for TANESCO.

A problem during the project implementation has been the TANESCO bureaucracy. As a consultant you can bypass the bureaucracy sometimes, but this is not possible for locals. Another problem was jealousy created through much focus given to the staff that was selected for the FSU. A problem regarding the project organisation was mentioned. The consultant was not long term, he only visited Tanzania a couple of times every year to follow up the project. The training coordinator was not situated at the site either, he was assigned to TANESCO's headquarter in Dar es Salaam. Adding to this, the consultants on site were changed a couple of times. The result was that the project was standing still between the visits. Another result was that the training was not structured and the training plan was not followed.

Systems development, or broader institutional development

What are then the institutional development effects of the Pangani project generally, and the establishment of the field study unit in particular? During our interviews, none of the respondents actually pointed at any effects beyond the technology transfer, the establishment of the power plant, and the success in developing the field study unit. The NORAD office in Dar-es-Salaam pointed to the strengthening of TANESCO generally, and gave evidence of stronger organisational performance.

But institutional development, in the sense of creating links to other organisations, developing networks of contacts and competence, establishing standards, norms, guidelines, legislation, etc. are absent. None of the actors lay claim to any such effects, and their understanding of institutional development is grounded in an approach which equates this with organisational development.

In an attempts to trace potential effects, we asked for the different types of external relations and contacts that could be verified. Institutions like the University of Dar es Salaam, the Surveillance and Mapping Division, NEMCO, etc. benefit from TANESCO's increased competence in different areas like for example environment. TANESCO is able to be more specific about what they demand from these authorities, which increases the press to deliver quality service. In the process to develop the FSU a good relationship with the University of Dar es Salaam has developed. FSU and the university today cooperate around different projects. Before Pangani TANESCO drew competence from the university, now the exchange of competence goes both ways.

Strategies and policies for institutional development

In the light of the discussion above, it is obvious that no such strategies or policies were present.

Roles and responsibilities of different actors

NORAD staff as well as the consultants and the TANESCO management generally express considerable satisfaction with both the Pangani project generally and the FSU in particular. There is a strong sense of local ownership. The FSU today consists of Tanzania's most competent persons within certain areas. They are a staff of 17 people, 10-12 of these are experts. The FSU performs small feasibility studies on their own, but for more complicated studies they still need to cooperate with external experts. At the moment they cooperate with external experts in performing a feasibility study of the «Power Six Project». This is a World Bank project looking at solutions to Tanzania's electricity shortage.

FSU has two problems today, TANESCO (1) does not really see the potential with the unit and (2) does not have the resources to use it properly. No one in the management pushes the use of the FSU. The result could be that if the unit is not assigned to interesting projects the staff will leave. Another reason for the staff at FSU to leave is the organisation of TANESCO. Bureaucratic processes which hampers the efficiency, a top management which has inconsistent planning and lack resources to keep modern equipment. We described above how one of the consultants took a specific interest in the FSU, and played a major role in getting the project financed. Perhaps the local ownership is not as strong and clear as one would like to believe?

The FSU's future goal is to be able to function as a commercial unit and sell their services on the private market. TANESCO supports this development. This, however, depends on whether the government decides to privatise the electricity market in Tanzania. FSU expects to be able to function without any external support of consultants in the next coming years. They have already begun to reduce the dependency of external consultants. The IVO group helps FSU at the moment to strengthen the environmental competence. This is part of a three year development plan of the unit.

NORPLAN Tanzania (NPT) still supports the FSU through helping them with equipment that was left over from Pangani. The FSU's cars are parked outside NPT office in Dar es Salaam, so they are not misused by other staff members at TANESCO. NPN experience is that big projects like Pangani and Lower Kihansi are very efficient. The reason for this conclusion is that a large project gives NPN a possibility to take an overall responsibility to attend to all kind of aspects and effects of a project. An important lesson learned in the Pangani project is that as a consultant you need to identify the competent people within the client organisation. This will not be done by your client, because they want to keep the competence for themselves.

NORAD's role follows the standard operating procedures, and we find no reason to go into the details here. The most interesting point for our study, is to note that institutional development was not incorporated in the projects, nor were any initiatives taken to develop any potential for institution building. Neither the Tanzanian partners, nor the consultants, nor NORAD, expressed any intent or vision in this respect.

Process of cooperation

In the Pangani project TANESCO staff worked with both Norwegians and Finnish consultants. The locals noted some differences between the culture of these two nationalities: «The Finnish are open and eager to teach everything they know. Norwegians are more reserved and do not transfer more knowledge than asked for. The Norwegians and the Finnish also came from two different companies. NPN is a totally private company while IVO is a Finnish partly state owned company. The Norwegian were, therefore, more profit oriented with a short term time perspective, while the Finnish was not so profit oriented and had a long term time perspective».

None of the consultants that worked at the site had any earlier experience from Africa and they did not seem to have got any training in Tanzanian culture. Some of the other consultants that visited the site seem to have received some training in African culture, because they approached the locals noted in a different way. One consultant commented that: «It is very important to have a long term objective in Tanzania. A two year commitment to a project is to short. In Tanzania it ta-

kes time to approach a person, to understand their capability and strengths».

Concluding remarks

The support to the Pangani hydropower station illustrates the difficulty of separating the role of private firms from the role of consultants. Norplan has for all practical purposes worked as a consulting firms, but in the terminology used in this study, it is considered a private firm (which is of course also true). Its role on the project has typically been that of a consulting engineer.

Local ownership is said to have been successfully promoted - or rather exercised - but we doubt that the conclusion applies equally strongly in respect of the TANESCO FSU. Nevertheless, there has been an effective transfer of technology, and many practical activities in organisational development. But institutional development was never an objective, and we cannot realistically point to any such effects either. None of the actors had any such ambitions.

Summary of the three cases of institutional development through private firms

These three cases as well show that institutional development is possible, feasible and desirable through the channel of private firms, but often neglected. However, compared to the channel of private consulting companies, there are significant problems in defining the appropriate level of locating the institutional development impact. It is above all in respect of the market that it is interesting to speak of an institutional development effect, both from the practical and from the theoretical point of view. But the market is an illusive phenomenon, and the interests of the firms do not necessarily lead to the best market development impact. However, it is not only private firms which may have an impact on market development. Governmental institutions such as anti-trust authorities, price supervision bodies, consumer ombudsmen, could also be targeted for Norwegian development cooperation. But, these would by definition constitute another channel, hence there is a need to transcend the concept of channels in these four studies of institutional development, and at times to focus on economic and social sectors instead.

Technology transfer was generally not much planned by the actors in this channel. It occurred ad hoc, and often the firm in the developing country had to pay a large share of the costs. Much of the technology transfer took the form of transfer of documents and technical information. Organisational development also took place ad hoc, and with a high degree of control from the Norwegian firms. The fact that all three cases portray situations where Norwegian firms invest in majority share holding may give a bias to the conclusions in respect of this channel, but the processes we have described are still interesting in their own right. But to understand both technology transfer and organisational development it is necessary to leave the common framework of development assistance project and instead realise that we are now discussing the internal corporate management of large international firms, which naturally follows another logic.

NORAD is not much to be seen once they have approved the loan, or training grant, or whatever instrument which is applied. There is a format for follow-up, which is applied, but whether it has any real clout - or even whether it should have any cannot be discerned in respect of these cases. It would be in a situation of crises, where possibly NORAD could intervene in management. But we have not seen any such crises, and thus we cannot tell whether NORAD actually would have the capacity to detect any signals that the projects went wrong - or even that it would have the power to do much about it.

CHAPTER 5: DIFFERENCES AND SIMILARITIES IN THE TWO CHANNELS OF COOPERATION

5.1 INTRODUCTION

Let us now turn to a brief review of four key issues in this study; the question of macro perspectives and macro-effects of institutional development, recipient responsibility, participation and ownership, and Norad's roles and responsibilities. These subjects have been treated generally, as well as in respect of each case. As they are of central interest, we will sum up what the empirical evidence from the cases suggests in respect of these issues. This chapter contains a rather loose and relatively unstructured discussion of these issues, leading the way to the more formalised and focused discussion of the hypothesis that have been guiding this study, and which will be treated in our next xhapter.

5.2 MACRO PERSPECTIVES ON INSTITUTIONAL DEVELOPMENT

The question is whether the projects we have studied here contribute to the overarching aims of Norwegian development assistance; namely sustainable development and poverty reduction. The projects described in the first two case studies; land mapping, marine mapping and physical planning have been assessed in these terms, and found to be relevant and well in line with the Norwegian policy objectives. The questions were explicitly posed and answered in the affirmative when NORAD made the decision to support the projects.

But the assessment related to the projects totality, not explicitly to the institutional development component, and as we have seen, these make up a rather small share of the total. It is quite clear though that all stakeholders, and in particular the recipient country authorities view the institutional development components as a key to sustainable development.

It is of course far to early to assess whether the projects have had any impact, and in particular if poverty reduction can be related to the institutional development that takes place on the projects. The connection to poverty reduction is very abstract in nature. There can be no simple causal link between poverty reduction and institutional development on projects like these. Poverty is far too complex a phenomenon, and it is largely shaped by factors that lie outside the scope of projects like these three.

Intuitively, a benevolent state mechanism, with poverty reduction as one of its guiding objectives, will be able to provide better services to the population if there is access to trustworthy geographical information,

and even more so if these are institutionalised within an effective planning mechanism. In retrospect, economic history provides us with explanations of growth and development, and among these lie developing institutional frameworks, such as planning capacity, access to information, and legislation. But growth and development does not neccesarily lead to poverty reduction, or the effects on poverty reduction may come late. There are obviously examples of institutionally well developed nations, where poverty is rampant and income distribution is highly eschewed.

Indonesia is an example of a country where poverty reduction has been considerable over the past decade, and where income distribution is comparatively even (not withstanding some glaring inequalities). In global comparative terms, it is one of the few developing countries where rapid growth is closely connected to poverty reduction. But countries in the Middle East, Latin America and Africa cannot point at equally strong connections between growth and poverty reduction. Perhaps a conclusion would be that the institutional development effect in the long run will have a larger impact on poverty reduction in an environment where growth historically is already associated with poverty reduction and trends to wards a more equal distribution of incomes?

However, the main point is that there are simply no ways that monitoring and evaluation systems during the life time of a project, or even during a few years after it has come to and, will be able to confirm through valid and reliable research methods whether such an impact is achieved. It would be better if any pretence to such knowledge is dropped. It is of course important to assess the overall conditions of development, and to discuss the multicausal links between interventions and overarching objectives, but it is not possible to verify results in such terms. Riddell (1987) provides an excellent theoretical discussion of the scope and role of evaluation in this context.

As for the other projects, their institutional impact is largely related to how we view the market mechanism. We have argued that a well function market can be assessed and analysed in terms of heterogeneity, diffusion and innovation. Even though the link between an individual company and market characteristics also far fetched, we can safely say that if the market is to play a positive role in generating growth in the long run, it is likely to have these characteristics. It is also possible to analyse whether an establishment will promote such characteristic, or whether it will be an obstacle to such developments.

In the case of DYNO in Indonesia, we were convinced that the firm contributed to market development, but in the other cases we did not have enough data to be able to draw any conclusions. However, we would suggest that NORAD incorporates a market analysis in its assessment of private sector development projects, as it is through the link to the market than many of these may have an impact on institutional development.

What are then the connections between institutional development and gender equity? *«The overriding objective of Norwegian development co-operation policy is to contribute towards an improvement in economic, social and political conditions in developing countries within the framework of sustainable development. To achieve this objective, one of the five main areas targeted is the promotion of equal rights and opportunities for women and men in all areas of society. It is not enough for development assistance to apply individual projects directed towards women. Equal rights and opportunities for women and men must be integrated into all aspects of development co-operation.»*

Consequently, a study with the purpose to increase the understanding of what factors influence and contribute to institutional development should review how the gender perspective been integrated in the projects involved in institutional development. There are mainly three factors to study in regard to gender and institutional development efforts executed by Norwegian private companies and consulting firms:

(1) the distribution between female and male consultants used in the projects.
(2) the number of female and male employees in all positions within the organisation.
(3) how equality has been mainstreamed into the project and NORAD's role in integrating the gender perspective in the projects.

There are a number of activities an institutional development project can include to improve the equality between women and men. Besides to promote women to higher positions or put the gender perspective on the agenda in discussions with other organisations the following activities are examples that can be included; to develop curricula, textbooks and other teaching aids that include examples that apply to both women and men; to develop individual human resource plans for the under-represented sex in the organisation; to see to that both women and men are included in study tours; to create tutor systems for the under represented sex; encourage both women and men to create networks. Let us now look at the experience of our six cases.

(1) Distribution between female and male consultants used in the projects.

Why is it important to have a mix between female and male consultants in the field? Many people would use the argument from an equity perspective, which is an important and valid argument. There are, however, two other important arguments. The first is that women and men have different background and experiences. As a result a mix of female and male consultants can contribute to a more diverse problem picture. The other argument is that people need role models. When both female and male consultants are used this is an indirect way to imply that gender is not related to a position in an organisation. It is also easier for a women in male dominated work situation to relate to other women and for men in a female dominated environment to relate to other men.

The review of different institutional development efforts show that very few female consultants have been used. In most projects not more than 10% of the consultants used were female. In none of the projects studied, during the field study, were there any female long term consultant. In some projects were the wives of the long term consultants involved in the project. These were usually hired on local terms and involved in questions not directly related to the project like for example internal decoration of offices and houses.

Most Norwegian companies interviewed worked in technical fields, which traditionally are male dominated. In the interviews they maintained that it was hard to find women with the right experience and competence to perform consultancy assignments in developing countries. Under the assumption that there exist a common understanding that more female consultants are needed for these kind of assignments, we should ponder why women that do work in the technology sector seldom apply for assignments in developing countries? Can something be done to attract women to apply?

(2) Number of female and male employees in the partner organisation.

Many people believe that an efficient organisation demands staff with different educational and cultural backgrounds, different ages and sex. The reason for this is that most organisations have customers that consist of people or organisations who are diversified. To be able to understand the customers' needs organisations must increase their capacity around differences between people in regard to culture, background, age, sex, etc.

Our project visits only touched upon diversity concerning gender. The conclusion is that women are in most cases under represented both in number of staff as total and at management level in the partner organisation. There are of course exceptions but in total women are

under represented when it comes to participation in the institutional development projects as counterparts, project leaders and participants in training courses.

Women are more common at the middle management level than at the top management level. At the middle management level women are usually found in positions related to personnel, administration or training. In those cases were women are part of the actual production they have positions related to environmental- or socio economic- questions.

The interviewees only had positive experience with women in typical male dominated work like engineering or work in the workshops. Words like reliable, loyal and hard working were used. The interviewees maintained that it was hard to recruit women to assignments that demand long stay in rural and underdeveloped areas. There are, however, more «soft jobs» like social anthropology were women are common that also demand long stays in the above mentioned areas. Therefore, if there exist a common understanding that more females are needed in all kinds of positions in the partner organisation, the question why women do not participate more in the projects need to be answered.

(3) Examples of mainstreaming in the projects.

Few female consultants have been used and women are under represented in the partner organisations. Has the gender perspective been integrated into the projects in any other way? In most cases the answer is no. Neither the Norwegian company or the partner organisation have in the interviews showed that they have any capacity/competence to assess and analyse the activities of the projects from a gender equity perspective. None of the consultants have undergone any gender training or given any gender training to their partner organisation.

Although most projects lack activities with a gender perspective there are exceptions. When a Norwegian company has been commissioned by NORAD to perform a feasibility study or an appraisal the terms of reference often state that a gender analysis should be integrated in the study. For example when feasibility studies were made for the construction of hydro power stations in Tanzania both studies included socio economic perspectives which in turn included the gender perspective.

Gender as an issue, however, can be part of a project without being explicitly stated in the project plan. One example is a Norwegian company that held a workshop in India. The lecturer described how he noticed that there were few women who participated both in the workshop and in the discussions. Therefore, the lecturer encouraged the women present at the workshop to present the group. As a result the women took a more active part in the workshop.

As mentioned the projects we studied are technically oriented and therefore male dominated. Most project leaders, team leaders and mangers interviewed were male and they meant that they would welcome more women in the organisation and in different positions. The few women interviewed both confirmed and did not confirm this picture. The experience differed between expatriate women and local women. The expatriate women meant that they were treated as equal with the men and got the same opportunities. The local women had experienced that they were not accepted as managers, did not get promoted as quick as a men in the same position and did not get the same training opportunities. These are individual cases and too few interviews were made to draw any conclusions.

NORAD's role in the institutional development projects differ depending on the project. NORAD is, however, the financier and therefore has some power to influence the actors. When NORAD was interviewed they maintained that they usually do not demand that the issue of gender is part of the agreement between the Norwegian companies and their partner organisation. The gender aspects of the project are usually discussed in a more general way in the annual- or semiannual project meetings that NORAD attend. On the other hand NORAD always demand that a gender analysis is done as part of an appraisal or feasibility study. NORAD also has several projects that are focusing specially on gender problems.

As stated in the beginning of this report the liberalisation and empowerment of women are important activities to secure development. Therefore, support to increase equality between women and men should be regarded as an important factor that influences and contributes to institutional development.

This is usually not the case. None of the projects have any strategies, policies or working methods around how to integrate a gender perspective into the project. Few female consultants have been used and women are under represented especially at the management level in partner organisations. Studies financed by NORAD have, however, integrated a gender analysis. In some cases has the Norwegian company on individual basis implemented activities to support a gender perspective. All in all, one can conclude that equal rights and opportunities for women and men have not been fully integrated into the projects.

5.3 RECIPIENT RESPONSIBILITY, PARTICIPATION AND OWNERSHIP

Let us first reiterate the point that we have two cases where there are institutional development activities in line with the definitions pursued in this study; and they are case 1 and 2. It is quite clear that institutional deve-

lopment has been a preoccupation for the decision-makers in the recipient country authorities in these cases; both the management of BAKOSURTANAL, BPPE, Bandung Institute of Technology, and the local partners of Narcon and Dantarsa in Indonesia, and the Ministry of Planning and International Cooperation, as well as other institutions in Palestine.

It is possible to identify a number of key decision-makers who have pursued institutional development on behalf of the recipient country, but it is equally clear that their concerns are not personal only. Their initiatives are well grounded in national development policies; in the case of Indonesia for example in the long-term development plans, as well as intermediate plans and the operational budgeting process. It is particularly obvious in Indonesia, where the government's cost sharing part is considerable. Though Norway contributes with around 60% of the project finances, most is in the form of loans, and the grant element is considerable lower, hence the Indonesian government visibly and practically manifest their ownership and their participation in all aspects of the project.

In fact, it is the Norwegian partners who do not quite respond to the institutional development ambitions of their partners in the recipient countries. In the case of Indonesia, Blom has developed the projects as much in accordance to Indonesian as they can, but NORAD has not been able to follow-up on institutional development. First, it could be problematic to combine different grant elements in relation to a huge mixed credit project, and second, it would mean cooperating across organisational boundaries. The industrial development department would have to initiate a collaboration with other departments to combine research cooperation with other inputs to mapping and surveying projects. This is of possible, but there might be elements of institutional inertia that make such intersectoral cooperation slow in emerging.

In Palestine, on the other hand, we note that NORAD has had a very fruitful dialogue from the very beginning with the Palestinian authorities, and these two partners have a joint approach to the institutional development components. The consulting firm has not expressed any other view, and there is no doubt that they fully support the intentions in respect of institutional development. But, as the case describes, the consultants have mainly been engaged in other tasks; planning, training and organisational development. It is by and large the Palestinian staff themselves who have taken charge of the institutional development components of the project. There is no question as to where ownership lies, and the problem with participation is rather to find the ways and means for the consultants to generate inputs to the institutional development.

We are fortunate in the choice of these two projects. The experience of the field study unit with TANESCO in Tanzania shows that supply driven organisational development certainly also occurs. The risk that local decision-making processes will be «hijacked» by suppliers of services is common. In fact, looking at the evidence from studies of ownership and participation in development assistance, this is the common problem, and institutional development projects are certainly likely to be as susceptible to such donor ambitions as are any other forms of assistance.

5.4 NORAD'S ROLES AND RESPONSIBILITIES

It is common to speak about the roles and responsibilities of actors, but the concept itself leaves much to be desired, In the absence of a model to describe and delineate different roles, it can be rather confusing. In the following we will introduce such a model briefly, building on previous studies we have done in this field. In studies of networks in development cooperation (e.g. Forss, 1988; DsUD 1990: 67) nine roles were identified. They were found to be comprehensive; that is, it was not possible to identify any other roles, and the roles were mutually exclusive; that is, the activities contained in one role were not the same as those contained in other roles. The roles were as follows:

(1) **Visionary.** Development activities usually start because someone has a vision of change, an idea about a desirable condition in the future. Initially, a vision may not be very well articulated, but it will be elaborated and changed during the process of cooperation.

(2) **Network builder.** The organisations that take part in the network change, but some actors usually have the responsibility of creating, building, maintaining and changing the network. That means that they act to bring resources to the network, be it money, knowledge, time to work, decision-makers, etc. The network builder ascertains that the resources needed for the function of the network are constantly available.

(3) **Contact broker.** There is a role which resembles that of the network builder, namely the contact broker. The function of the contact broker is to establish links between organisations that might have resources to add to the network. The difference between the two roles is that the contact broker has no other function than to transmit information. The task is innovative, but not as committing as that of the network builder.

(4) **Financier.** Material resources, money and land, are of course fundamental to most networks. Some organisations participate primarily in their capacity as financiers; that is, they make it possible for others to

purchase the goods and the services. They put up the money. There are several types of finance, and one could distinguish different «sub roles» as financier depending on the nature of the finances.

(5) Operator. A network is supposed to produce something, establish an institution, formulate policies, drill wells, lay up a plan for health care, carry through vaccination programs, teach fishing techniques, introduce data handling systems, etc. Those who do that, be they experts, volunteers, locally employed workers, consulting firms or something else, we call the operators.

Now, once the arena has been created and the network established the need for control arises. The meaning of control in this context is to ascertain that the participating organisations work in accordance with the aim of the network. It is possible to distinguish three levels of control.

(6) Operational controller. The function of operational control is to supervise the process of integrating the resources to the network; that is, to check that money, capital goods, information, knowledge, etc. are delivered in time and according to agreements. The operational controller also assures that the inputs are really used for the purpose of the network.

(7) Tactical controller. The aim of tactical control is to check if the objectives of the network are reached; if there are any side effects; and if reaching the objectives, was that due to the actors on the network or to some other process?

(8) Strategic controller. Strategic control is a question related to each of the actors. Strategic control goes beyond the «boundaries» of the network. Its purpose is to examine the network itself and find answers to questions such as; Does the network serve any useful pur-
pose (irrespective of whether its objectives are reached or not)? Should I participate in this network? Is it a useful development activity? In that sense the strategic function relates to the strategic interests of other actors. It would also seem desirable that someone articulates «the interest of mankind», and answers the question whether the network is useful from other perspectives than the organisational interest. Institutional development is one such strategic interest, and hence we might identify whether this strategic control occurs or not.

(9) Teacher/informer. Development activities are special because they are international. They bring together specialists from many disciplines. Development is by nature interdisciplinary. Some actors have little experience of such situations, but they are needed because of their specialist competence.

In sum, we have now presented a typology of roles. Our intent is that the roles should be supplementary and distinct from each other. In practice this is seldom so. There are always borderline cases, and when we deal with abstract concepts such as these we are in a better position if we are prepared to accept somewhat fluid borderlines. In reality actors play several roles and they also often overlap each other in the roles. In the table below we have provided examples of the roles that we mean NORAD fulfils in respect of these different projects (cases).

The table show wide differences. In one case, we find that NORAD is heavily engaged in almost all conceivable roles except that of the operator. Naturally, there are other actors in the roles as well. Yet another way to use the framework would be to focus on a project and then describe the roles of the different actors. This might reveal different structures of project cooperation. In this contact, we would like to emphasise four points:

Table 5.1 The roles of NORAD in respect of institutional development on the case studies

	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Visionary	-	Yes	-	-	-	-
Network builder	-	Yes	-	-	-	-
Contact broker	-	Yes	Yes	-	-	-
Financier	Yes	Yes	Yes	Yes	Yes	Yes
Operator	-	-	-	-	-	-
Operational controller	-	Yes	-	Yes	-	Yes
Tactical controller	Yes	Yes	Yes	-	Yes	Yes
Strategic controller	-	Yes	-	-	-	-
Teacher/informer	-	Yes	-	-	-	-

Code; case 1: mapping and surveying in Indonesia, case 2: Physical planning Palestine; case 3: Norconsult in Tanzania; case 4: Dyno Indonesia; case 5: TANELEC in Tanzania; case 6: Norplan in Tanzania.

(1) NORAD seldom plays the role of visionary in respect of institutional development (at least, as we can see it is respect of these two channels of assistance), but if the strategic intents of NORAD are to be realised, it will be necessary to develop that capacity. Not to push institutional development in situations where the recipients are not prepared to accept such ideas, but in order to be able to response when such initiatives emerge from the recipient countries.

(2) The roles of network builder and contact broker can be crucial in providing cost effective development assistance. Perhaps these roles have not been in demand on these particular projects (except no 2), but it is a role which has interesting potentials in terms of bringing a broader spectrum of actors from Norwegian society to participate in development cooperation.

(3) If the strategic intent concerning institutional development is to be carried through in practice, it is necessary to follow up with capacity and competence to undertake institutional assessments when projects are formulated, financed, and executed. In only one case have we found that NORAD performs this role. There may well be other aspects of strategic control that we have not touched upon, so we may not do full justice to the extent of strategic control exercised by the NORAD, but as we have said, this report focusses on strategic control in respect of institutional development.

(4) NORAD's role configuration should depend on circumstances. The role configuration in case 2 appears appropriate for that project. In cases no 1 and 4

we would suggest that a role in strategic control would have been appropriate, but otherwise there has not been any need for more extensive engagement. In terms of sheer costs, it thus appears that NORAD's role configuration on the Indonesian projects would be far less costly than in Palestine, which is realistic. The latter is a far more difficult environment, with a need for more inputs from NORAD.

As a final point, we would suggest that the task of institutional development in respect of the channels and sectors of development assistance requires some very clear thinking about the roles and responsibilities of NORAD, not least in respect of the channel private firms. Failed projects do not only have a zero impact, they could have significant negative impacts as well. At the same time, it is necessary to consider the cost-effectiveness of the aid administration, hence it is not a solution to maximize the number of controller functions. The solutions probably lie in some combination of early warning systems, coupled to a high flexibility to respond to emergencies with a multiple of instruments and resources.

5.5 SUMMARY

This brief comparison shows that both channels could have a considerable impact in terms of the macro-economic objectives of Norwegian development cooperation, but it is too early to verify any such effects on the cases. In addition, the links between the projects and effects is weak and any discussion of effects must take into account the nature of such causal processes, that is, these are bound to be multicausal and non-linear. This creates problems for accountability in the traditional sense of the word - to say the least.

It is remarkable that the recipient countries have shown a strong interest in - and commitment to - institutional

development in the broadest sense of the word from the very beginning. They are also the most active players, in fact, the Norwegian advisers and consultants are remarkably passive in respect of institutional development on many of these projects. It is the indigenous people who take the least in these respects. Perhaps not much else could be expected, most expatriate personnel never obtain the level knowledge about local condi-

tions that are required for effective institutional development.

NORAD's roles vary considerably, in the one cease it had an extensive set of roles to play, in others less. It is necessary to consider if there is a minimum number of roles that NORAD should have, and to find a cost-effective distribution of roles with other actors.

CHAPTER 6: CONCLUDING DISCUSSION

6.1 INTRODUCTION

After this review of empirical evidence and illustrating examples of what can - and what cannot - be achieved in terms of institutional development through private firms and consulting firms, we will return to the hypotheses presented in chapter 1. Which of these appear to be confirmed in light of the discussions above, and which would have to be rejected?

The reader must of course bear in mind that we do not reject or confirm hypotheses with the aid of statistical methods. We do so in a looser, less stringent fashion. Still, the definition of hypotheses made clear what we might expect, or rather what we would believe a priori. The hypotheses are also directly related to the terms of reference of the study, so the answers also provide a test of whether the relevant questions have been addressed.

When we now turn to the hypotheses, our conclusions in respect of each builds on inputs from four separate sources:

(a) The questionnaire to 76 firms listed as private firms and/or private consulting firms that have been engaged in development cooperation. This should be the total population, as far as we know. As mentioned above, the response rate was low, we had a total of 37 respondents. The firms are listed in annex 2. The questionnaire is enclosed in annex 4.

(b) Interviews with 15 firms, selected to be organisations with particularly interesting experiences of organisational and institutional development, representing a balance of private firms and consulting firms. The list of firms is enclosed in annex 3. The structured interview guidelines are enclosed in annex 5.

(c) Case studies of six activities in developing countries. It is actually somewhat more than six projects, as one case discusses two separate projects, but with the same partners involved (Surveying and mapping in Indonesia). Yet another case concentrates on the establishment of a field study unit at TANESCO in Tanzania, but also treats the Pangani hydro power plant.

(d) Reviews of documents, strategies and policies in respect of institutional development.

(e) Review of the state of the art and international experience of institutional development in regard to these two channels.

In retrospects, the case studies have been the richest source of experience and insights, but we have to be careful not to draw too general conclusions from them. They were selected to provide positive examples, and because they could - a priori - be regarded as successful examples of institutional development. The evidence from questionnaires, interviews and the review of international experience is less positive, and point at lower levels of achievement and less interesting practical activities. The hypotheses are presented in the same order and under the same general headings as in chapter 1. Under each hypotheses we discuss first our conclusions in respect of private firms and second in respect of consulting firms. Where relevant, we add a note of comments to the differences between the two channels.

6.2 CONCEPTS AND INTENTIONS

H 1. Norwegian organisations (involved in aid) are increasingly engaged in institutional development (changes in quantity), and there has been a gradual shift in emphasis from physical to human and social capital (changes in quality).

Private firms: No, the hypothesis can be rejected. There is no indication that firms are more engaged in institutional development now than previously. The time period covered by the case studies does not show any increase in institutional development efforts. The questionnaire indicates that some firms were engaged in institutional development (as they defined this) already in the late 1970s. If anything, there could well be a trend to be less engaged in institutional development. The experience of DYNO in Indonesia shows that the venture takes place in an environment that is developed that the firms can concentrate on doing business. An establishment in some of the more developed of the Third World countries may not be that much different from conducting business in industrialised countries.

Private consulting companies: No, the hypothesis can be rejected. Our data does not show any significant increase in attention to institutional development. The only exception would be the physical planning project in Palestine, where institutional development has played a minor role, but where it is suggested to become more prominent in the extension phase. The institutional development components make up very small shares of total project spending, and there are few signs that these are increasing.

H 2. Objectives are used with multiple meanings, are unclear and difficult to measure

Private firms: No the hypothesis can be rejected. The projects are guided by clear and explicit objectives that are easy to measure and that are also followed up practically. In the cases where the multinational firms establish subsidiaries in developing countries, the ventures are incorporated into an international system of decision-making and control which is based on key financial data, knowledge about market shares and growth rates. These have well defined meanings, are clear and are measured. But they do not relate to institutional development.

Private consulting companies: The hypothesis can neither be rejected nor confirmed. According to the questionnaire, 40% of the companies have developed indicators of performance, but this is mostly in terms of organisational development. One case gave an example of clear and consistent indicators of institutional development, but the other had no indicators. The objectives were vaguely stated, and the consultants followed a «process learning approach». But there is nothing in the cases which suggest that objectives concerning institutional development have to be vague, unclear, difficult to measure or with multiple meanings.

H 3. The institutional development objectives of the funder dominate those of the recipient throughout the chain

Private firms: No, the hypothesis is rejected. There is no evidence that institutional development objectives, either as expressed by NORAD or by the firms, dominate those of the recipient. Formal institutional development objectives are absent on all hands, no more so among recipients than among the funders (note that the so-called recipients also are funders on many of these projects). The cases point at one possible exception, as the field study unit which was initiated during the Pangani project appears to have been initiated by the consulting firm. The present lack of managerial support suggests that the establishment of the unit was not a Tanzanian priority.

Private consulting companies: No, the hypothesis is rejected. On the contrary, the recipient organisations, as well as other stakeholders in the recipient countries, are more articulate about the potentially beneficial linkages of an institutional development character. They appear to follow-up on these issues more, and are often critical of the lack of competence and interest in institutional development that are expressed by the private consulting firm, and to some extent by NORAD.

6.3 STRATEGIES AND ACTIONS

H 4. There are few relevant operationalised objectives that allow organisations to effectively target institutional development

Private firms: Yes, the hypothesis is confirmed. None of the case studies gave examples of such operationalised objectives, nor did the interviews or the questionnaires.

Private consulting companies: The hypothesis can be confirmed, but it is not as clear as in respect of private firms. Whereas the case of Norconsult did not show any institutional development objectives the other two cases did. In one of the cases were they operationalised and allowed the organisation to target the subject (though that does not imply it did so). In the case without such objectives, our opinion is that such objectives could certainly have been designed.

H 5. Institutional development is mostly understood as support to specific organisations, and refer seldom to strengthening of organisational linkages, sector or system support

Private firms: Yes, this is fully confirmed from all sources, and it also follows logically from NORAD's policies and strategies.

Private consulting companies: No, several private consulting firms take a broader view of institutional development and this is visible in the design of projects and the activities they are engaged in. But they always include organisational development as an aspect of institutional development. They do not distinguish between the two as separate levels of intervention.

H. 6. Most of what is carried out as institutional development represents transfer of hardware and technical knowledge, and is not specifically geared towards human and organisational capacity building in the recipient organisations

Private firms: Actually, the private firms do not themselves refer to institutional development, hardly even to organisational development. The most common activities in this channel are certainly transfer of equipment, investment in production capacity, and technical knowledge around this, sometimes transferred through training programmes. But there are exceptions, the last case study in this channel(no 6) is an example human and organisational capacity building.

Private consulting companies: No, the hypothesis is rejected. Human and organisational capacity building feature prominently among the activities of all the projects we have studies, and they are also commonly quoted in the questionnaires and interview responses. All the projects have significant training components, and training takes place through several types of activities; on-the-job, in the form of seminars, study tours, scholarships, etc.

H 7. In spite of new policy directions which emphasise institutional development the realities of programmes remain the same

Private firms: Yes, the hypothesis is confirmed. We have not been able to note any differences.

Private consulting companies: No, the hypothesis is rejected. Institutional development in our sense still remains marginal in project design, and even more so in practical implementation. But there are examples of increasing attention to the subject, such as the institutional development component in the marine mapping project and in the physical planning project in Palestine. In both cases, we find that the recipient organisations have initiated these components, and they are the ones who stress their importance.

H 8. There is a movement from value driven to commercially driven incentives in institutional development efforts

Private firms: Well, there are basically no incentives at all for institutional development. But if we assume that market development is an aspect of institutional development, it is questionable if there are commercial incentives to contribute to its development. A heterogeneous, diversified and competitive market is not necessarily in the best interest of each individual firm. The firm may instead seek to monopolise the market, by for example liaising with clients as in the case of TANE-LEC.

Private consulting companies: The hypothesis can neither be confirmed nor rejected. In the first place, there were few incentives for institutional development in the past, and there are not many today. However, consulting companies that can formulate institutional development objectives and operationalise them in practical activities would presumably be in great demand. Our case studies indicate that decision makers in the recipient countries are very interested in such services, and NORAD may also respond to any demonstration of competence within this field.

6.4 RELEVANCE AND OUTCOMES

H 9. Systems for monitoring and evaluating changes in institutional development are not in place, and there are few benchmarks/standards to assess quality of performance.

Private firms: The hypothesis is confirmed, there are no systems for monitoring institutional development, as there are no such activities to evaluate - apart from what has previously been said about market development. There are no systems for monitoring and evaluating market development. But the firms have clear and reliable standards and benchmarks to monitor and evaluate organisational development.

Private consulting companies: The hypothesis cannot be confirmed. There are systems for monitoring and evaluating institutional development on the physical planning project in Palestine. These are based on the logical framework analysis and the work plan of the project. It is more a question of following up each of these with a detailed analysis of what takes place on the project, which is not that difficult, but time consuming. We saw no systems in place for this purpose on the other cases, but it would not be that difficult to develop any.

10. The policy intentions (rhetoric) of institutional development is not reflected in implementation.

Private firms: The hypothesis is confirmed, in general there is so little institutional development that it cannot possibly be called a priority activity in practice. On the other hand, if we accept that organisational development is part of institutional development, then we would have to reject the hypothesis, because all the cases and many of the interviews and questionnaire responses report that organisational development takes place.

Private consulting companies: The response in respect of this channel is the same, but there is a difference in degree. We did find examples of institutional development in the cases and among the interview respondents.

H 11. Activities aimed at addressing lower level concerns (e.g. individual skills) are more likely to achieve their short term objectives than those aimed at higher level outcomes.

Private firms: The hypothesis cannot be confirmed. Private firms have realised organisational objectives in terms of production increase and profitability rapidly. The financial data provides rapid feedback, the feed-

back on individual training results is less clear, and would often have to be discounted over a longer period of time. Looking at a company like TANELEC, the financial data are clear, but the assessment of the massive training programme is not completed yet.

Private consulting companies: The experience from cases and interviews confirm the hypothesis. Projects with multiple objectives at different levels usually have training objectives that are stated as outputs and activities, rather than in terms of impact. The institutional development objectives are often vaguely formulated and long term. But there is no law saying this must be the case, it is rather a reflection of inexperience and lack of knowledge about how to operationalise institutional development.

H 12. Activities which successfully address lower level concerns are less likely to achieve sustainable improvements than those which successfully address higher levels concerns.

Private firms: No, the hypothesis is rejected. Unless the projects also reach lower level objectives, they are not likely to reach any other objectives either. A firm cannot contribute positively to market development if it is not competitive, innovative and flexible. A firm which does not possess these characteristics is more likely to seek to influence the market in such a way that the firm is protected and favoured, and hence the market becomes less developed as an institution.

Private consulting companies: No, the hypothesis is rejected. Institutional development must proceed on some form of output, and to achieve this output, lower level activities have to be successfully completed. The cases of mapping and surveying and institutional planning clearly illustrate this, as do the experiences from projects in standardisation and quality control in the SADCC region.

H 13. Differences in objectives and design have less of an impact on institutional development than do difference in organisational capacity to implement programmes.

Private firms: Concepts like objectives and design have different meanings. The firms who are engaged in joint ventures act with clear objectives and have organisational designs for their subsidiaries, but they do not necessarily formulate these in the same way that a project or programme needs to be formalised to be approved by NORAD. The questionnaire and interviews showed

that many firms have a vague understanding of terms of reference or project documents. But the hypothesis can be confirmed, as there are differences in organisational capacity to implement programmes.

Private consulting companies: The hypothesis is certainly confirmed. There is a big difference between how institutional development objectives are formalised in the two cases where they are important. In one they are vaguely formalised and the consultant learns as they go along. In the other they are clearly formulated, but implementation lags behind - in particular as regards the consultant. The local project staff follow-up more consistently.

H 14. There is frequent disagreement between key stakeholders on the relative importance of project outcomes.

Private firms: Rather surprisingly, the hypothesis must be rejected. We have not come across any major disagreements. Perhaps the fact that two of the cases were joint ventures where the Norwegian firms have majority share holding puts the foreign firms in a position where they set the rules, and hence there is not much scope for differences of meaning within the projects.

Private consulting companies: The hypothesis is rejected. Where there are institutional development objectives, all agree on their importance, but the local stakeholders - in particular senior management - seem to follow up more consistently. The consultants appear to have a tendency to act practically on the internal and technical aspects of the project, even if they realise and say that institutional development is as important.

H 15. Institutional cooperation ends when donor support discontinues.

Private firms: The hypothesis is rejected. The purpose of investments in joint ventures is to to continue cooperation. When it is a question of deliveries of machines and equipment, or sporadic training programmes, or feasibility studies, it ends as soon as the contract is completed.

Private consulting companies: The hypothesis is accepted, the consulting firms usually have no means to continue cooperation unless somebody pays for their services. It is not likely that the cooperating institution will have the budget resources to buy consulting services from Norway without access to some form of subsidised funding.

6.5 EXPLANATIONS

H. 16. Institutional development succeeds when co-operation is initiated by Southern organisations and based on their demands (demand driven), and not by Northern donors and organisations (supply driven),

Private firms: The hypothesis cannot be confirmed, none of the partners that we have identified expressed any demand for institutional development.

Private consulting companies: The hypothesis is confirmed, and institutional development components were mostly initiated by the Southern partners.

H 17. Institutional development succeeds when Northern and Southern counterparts have similar and not conflicting commitment to and/or understanding of institutional development,

Private firms: The hypothesis is neither rejected nor confirmed, as there are so few institutional development activities and effects.

Private consulting companies: The hypothesis does not quite tally with experience. The consultants play only a limited role in respect of the institutional development activities. Most of that work is done by local personnel, and they are rather good at it. In theory, it would perhaps be good if they received more assistance, and a joint outlook would presumably be of help.

H 18. Institutional development succeeds when collaboration is initiated and mobilised by committed individuals, and later incorporated and supported by broader network of actors and organisational structures.

Private firms: No, the hypothesis is rejected. Market impact has a different nature, and does not necessarily go beyond the original initiative in terms of organised action.

Private consulting companies: Yes, the hypothesis is confirmed, there has to be a driving force otherwise the institutional development activities are not started, and they have to be incorporated into the organisations at a later stage.

H 19. Institutional development succeeds when an emergent, flexible step by step approach based on continuous mutual adjustment is followed in planning and implementation, and not a fixed blueprint strategy.

Private firms: The hypothesis is confirmed, an institutional development effect appear to be achieved incrementally.

Private consulting companies: The hypothesis is rejected. We have two cases of institutional development effects, one following a blueprint approach and the other an emergent approach. Both have advantages and appear to yield results. It cannot be said that one works better than the other.

H 20. Institutional development succeeds when both parties are trained and have the skills to handle the technical and social/cultural aspects of cooperation,

Private firms: Technical skills are a necessity, and the practical skills in handling social/cultural aspects of the cooperation as well. But we have not seen any training provided for this purpose. Expatriates and local employees are left to cope on their own, with little theoretical support. It seems as if the hypothesis must partly be rejected, people manage without training in social/cultural skills. The question is if they would have done better if they had any such training? Maybe the answer should not be taken for granted.

Private consulting companies: Expatriates from the firms do not receive any training either, and we see little theoretical understanding of cultural differences; platitudes and simplistic notions about differences are prevalent among both expatriates and local staff. But they cope rather well, and we found several examples of how both sides took practical steps to manage cultural differences, for example through language studies and ambitious readings in local history and culture.

H 21. Institutional development succeeds when there are «strong» Southern organisations (with high levels of efficiency and ability to manage change).

Private firms: No, the strength of the local partner does not seem to be a crucial factor. It is quite possible to see that institutional development could become weaker with a very strong local partner. Of course, the partner must not be weak either, but maximising strength is probably not conducive to institutional development.

Private consulting companies: Yes, the hypothesis is confirmed. It is only when the local partner provides leadership and initiative that institutional development takes place.

H 22. Institutional development succeeds when the external environment is relatively stable and not too turbulent and unpredictable.

Private firms: The hypothesis cannot be confirmed. First, there are so few effects that we cannot draw any conclusions based on these. In theory, market development would appear to be associated with turbulence, and closely integrated with it. A developed market would be a turbulent market, hence the hypotheses does not reflect the nature of institutional development in this channel fully.

Private consulting companies: Looking at the first and second cases, institutional development certainly takes place under turbulent and uncertain conditions in both, but probably more so in Palestine. The final outcome is unpredictable at this stage, but there are certainly several steps in the right direction. Hence, it seems as the hypothesis should be rejected.

H 23. Institutional development succeeds when support from several donors to the same organisations are coordinated.

Private firms: No, the fewer donor organisations involved the better, and we have not seen any cases where more than NORAD were involved.

Private consulting companies: More donor organisations would probably add to the complexity and it is likely that institutional development would be more difficult. But if there are many donors, their efforts will of course have to be coordinated.

H 24. Institutional development succeeds when there is clear policy direction, but no strong supervision and monitoring from NORAD.

Private firms: In the absence of clear policy directives, we cannot really know.

Private consulting companies: The hypothesis is rejected. There are no clear policy directives. Institutional development takes place, in one case under close supervision and monitoring from NORAD, and in the other case with no strong supervision or monitoring from NORAD. The policy direction has been open enough to let the institutional development initiatives occur, and in one case has NORAD pushed them - in close cooperation with the recipient management.

H 25. Institutional development succeeds when the selection of cooperating partners is based on systematic sector studies and organisational assessments.

Private firms: Our data does not indicate that any such studies have been undertaken, and we cannot know whether the results would be better in respect of this channel. Certainly, cooperative ventures like Dyno's have to develop out of the actors own initiatives. NORAD could not do much to identify and initiate such a cooperation.

Private consulting companies: The cases are contradictory, thus the answer must be that it depends on the environment. In Indonesia, NORAD could not do much to initiate a cooperative venture like the one we have described, but it could perhaps have been more responsive to the requests for institutional development that emerged. If so, these effects would have been more substantial. But in Palestine, NORAD's preliminary work, including negotiations with the Palestinian authorities was of major importance in the design of a programme with several institutional development components.

6.6 COMPARISONS

H 26. Observations and findings in comparable international studies reveal similar patterns as in the Norwegian cases.

Private firms: Yes, in part. But in particular recent World Bank studies point at more positive impacts of foreign establishments than we can record from the Norwegian firms. But studies such as these must gather far more sophisticated macro-economic data than we have been able to do here, or that other studies of Norwegian firms abroad have done. There are a priori no reasons to believe that the effects would be much different.

Private consulting companies: International studies imply that there are more institutional development components in projects than we have been able to locate in this survey. Perhaps the Norwegian agencies have not changed as rapidly in response to this fashion as have others, or perhaps the actual contents of these programmes simply have not been analysed with the same methodological and conceptual framework.

There are another eight hypotheses to be addressed, but these also require data from the other studies. They assume another level of comparison with, for example, the study of institutional twinning mechanisms. We will thus asume that these hypotheses are better addressed in the synthesis report and we leave them to the side here.

6.7 CONCLUDING REMARKS

In conclusion, the testing of the hypothesis suggest that many of the common-sense assumptions about the nature and process of institutional development have to be reconsidered. The origin, process and outcomes are far more dependent on specific circumstances than we tend to assume. Perhaps more extensive studies, with much larger samples of cases will reveal other patterns, but we doubt it. The findings here are generally supported by concepts and theories in the sciences of organisational complexity, building on rapid responses to emerging situations, organisational learning, and capacities for self organisation.

The testing of hypotheses show that there are some differences between the two channels that we focus on here. The channel of private firms was often found to have clear and commonly understood objectives for technology transfer and organisational development. These objectives followed from the integration of the subsidiaries in developing countries into the structures of multinational firms. At the same time, the projects followed incremental steps in implementation, for example in respect of personnel training and organisational development. The organisations in developing countries often shared significantly in the costs. Interestingly, competent individuals rather than strong organisational counterparts seemed to be important for successful technology transfer and organisational development.

The private consulting firms, on the other hand, had more problems with objectives and with measurement of results. Also, blue-print approaches to project implementation seemed to be doing rather well, contrary to what one might expect. The local partner organisations play a far more more prominent role, both as clients in the contract relationship and as the ultimate beneficiaries of the interventions. The local organisations were very aware of the necessity of institutional development, and were the first to express a keen interest in such activities. So in these respects we found significant differences between the channels, differences that can be explained by the nature and interest of firms, and the working of competitive forces and governmental regulations.

But there are many instances in which the two channels are similar. We found no significant growth in institutional development activities, but we did find a common knowledge that it would be important to get the basic production right before venturing into more elaborate organisational and institutional development activities. However, these levels may be far more closely integrated than we commonly see in project designs. It is also encouraging that institutional development can be undertaken under turbulent conditions, and it is not necessary to seek out the stable and safe environments in order to launch institutional development projects. In both channels we found a significant convergence in the understanding of the role and importance of institutional development.

CHAPTER 7: RECOMMENDATIONS

The subject of this study has been wide, institutional development is a term which captures activities at many different levels in development cooperation. It engages many actors, from the highest policy-making levels to the operational actors, without which no efforts can be sustained. The recommendations that come out of this study are thus many, and could be directed at several levels in the system of Norwegian development cooperation. The study is commissioned by the Ministry of Foreign Affairs, and hence some recommendations should concern the Ministry as an active partner in institutional development. But several of the recommendations also relate to NORAD, and even to the firms and companies.

In the following we have decided to present a limited number of recommendations to each of these actors. The recommendations are based on the assumption that institutional development is an important policy objective, and will continue to be so. The recommendations are also based on the assumption that there is a real wish to achieve substantial results in this field, and to make concerted efforts to realise the development potential of this kind of interventions.

Recommendations to the Ministry of Foreign Affairs

- The Ministry must address the conceptual confusion around institutional development and actively work to develop a common understanding of these words at the policy-making levels of Government. The documents that govern the allocation of funds and that elaborate government positions, such as the budget proposition and the white papers, must be clear, consistent and correct in their messages about institutional development.

- The Norwegian embassies play an important role in the origin and design of projects, particularly in countries where NORAD has no representation of its own, The Ministry must make sure that its personnel in these countries have access to sufficient backstopping in order to respond to and act in relation to institutional development in the cooperation that emerges.

- The Ministry should consider whether financial targets can be developed to monitor the priorities given to objectives that cut across regional and country frames, and channels of cooperation (such as institutional development). We firmly believe that priorities must be verifiable, hence it should be possible to present figures at an aggregate level that indicate how large the shares of development funds are that

go to institutional development. It is not project or programme level indicators, but rather indicators at the level of the government budget.

- The Ministry has an important role to play in clarifying Norwegian positions on institutional development in international fora, as for example the OECD and the UN agencies. The conceptual issues are as difficult internationally as they are in Norway, and the Ministry may have an important coordinating role to play in making other actors aware of Norwegian orientations and experiences on this subject.

- The Ministry must not only clarify concepts, develop indicators, and work for international coordination, but above all needs to integrate these tasks and formulate a sharp, clear and concise policy of institutional development that can be a guideline for NORAD's more operational strategies. The policy needs to work out priorities in case of conflict between priority areas, and must also define the balance between the importance of recipient orientation and real institutional development activities – and the sequencing between them.

Recommendations to NORAD's management

- One of the most important tasks of NORAD's management, at least in respect of these two channels, is to find an appropriate level of steering. There is a need to find an operational focus in respect of institutional development, which is not at present provided through the instruments of cooperation. We suggest that a sector approach is used to analyse the levels of intervention, and the study (retningslinjer for norskt bistand till naeringsutvikling) quoted above in chapter 2 would serve as a good starting point. But similar reviews need to be made of other sectors, as it is mainly through a sector approach that the significant elements of institutional development can be operationalised.

- Assuming that a sector approach is adopted, the next step will be to develop rough quantitative indicators, in the form of budget lines, that show allocations for institutional development. These must be identified, bench-marking figures established and monitored on a yearly basis.

- NORAD should also explicitly define its role in respect of institutional development, taking into consideration the strengths and weaknesses of other actors, the problems that may occur on projects and programmes, and the different conditions in develo-

ping countries. Is there a minimum set of roles to be played, and if so, which are these? Can NORAD do without strategic control of whether macro-objectives are reached or not, or can these be subsumed under other development indicators?

• Management must also address its human resource needs in the organisation. Previous studies have pointed at a lack of capacity to formulate, negotiate and evaluate organisational and institutional development objectives. What are the problems, and which areas of the organisation need to be strengthened? Through which means can the necessary competences be acquired; through training, recruitment, framework agreements with external expertise, or some other form?

• There can hardly be any doubt that training will play a part in the development of competences. A module of training in institutional development, flexible enough to target different staff categories, should be developed. The aim should be to have all take part in the same training programme, but the length and intensity could vary. There could be an input of some hours for some, while others would need several days exposure to the subject.

• It is also possible to formalise the scrutiny of projects and programmes. A checklist could be developed to assist desk officers analyse project proposals in terms of institutional development, as for example, how are markets affected by a joint venture establishment? what are the criteria of success? how are they measured? what level of aggregation is identified? The cases above have given some examples of questions that may be posed in an assessment of institutional development impact.

Recommendations to NORAD's desk officers

There are so many things to be done at the operational level, that it seems almost impossible to suggest a few manageable recommendations. However, the complexity of institutional development projects appear to be one major constraining factor, which makes efforts in this field less common than they deserve to be. Hence, practical aspects of how to handle complexity in project design and monitoring are probably more useful than anything else.

• Use pilot programmes or preparatory phases in projects when the best approaches are not clear at the outset, and let the projects take time to make their own experiences in institutional development.

• Seek out and listen careful to actors in the developing countries, as these are more likely to have ideas on institutional development interventions.

• Take advantage of strong actors and existing competence. Push for higher ambitions in respect of institutional development where the prospects are best, and wait with more problematic sectors or components.

• Divide the projects into components (such as the Palestinian case in the text above) that can be implemented independently, thus minimising the risk for delays, and make sure that local personnel are in charge of institutional development components.

• It is important to time lower level and higher level interventions in institutional development carefully. The review here suggests that the time lag between lower and higher level interventions is very short, and these activities need to be undertaken almost simultaneously.

• Finally, when looking for institutional development competence, it is necessary to go beyond traditional technical sources of expertise. The people on the home market with these competences will often be found in quite different professions and positions than those who are normally recruited as experts; they will be community politicians, members of local boards, middlemen and brokers, ombudsmen and others, with less clearly identified professional expertise.

Recommendations to firms and companies

• Private firms need to consider the market aspects of institutional development, and those who seek subsidies from international development funds must be able to participate in partnership for a real development of markets, not only in favour of their own position and profitability.

• One of the major strengths of the private firms is their possibility to integrate foreign subsidiaries in their own organisation. Naturally, this can be done to a higher or lower degree, but in terms of institutional development, the closer this integration is, the better are the institutional development effects likely to be.

• The firms should use the internal price mechanism to define training and organisational development needs, and the appointment of local managers should be a priority.

• Both consulting companies and private firms may need to pay more attention to the interaction with personnel in developing countries. There were no serious cross-cultural communication problems in our cases, but there were problems, and these were still examples of best practice. We would suggest that companies make a commitment to train personnel sent abroad in cross-cultural communication, and they be given extensive briefings on their destinations.

- Both ad hoc based approaches and more formalised approaches to institutional development may work, but the latter provide for more easy follow up, and thus create more legitimacy in the international cooperation system. We would thus recommend the actors to develop explicit implementation plans for institutional development in cooperation with their partners in the Third World - or rather respond to the initiatives that these are likely to be taking.

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ANNEX 1: TERMS OF REFERENCES

1. BACKGROUND TO THE STUDY

In recent years Norwegian development assistance has focused increasingly on a policy of ìrecipient orientationî. In practice this means transferring greater responsibility for implementation from the donor organisation to the recipient of development assistance. However, many of the organisations and institutions responsible for implementation are not sufficiently equipped with human, technical and financial resources.

To improve this situation Norwegian development assistance has introduced new strategies and programmes with a view to strengthening national capacities and capabilities in partner countries. NORAD is currently channelling support through three sectors in Norwegian society (the public, private and civil sector) which are collaborating with institutions and organisations in selected countries:

- Norwegian public institutions and their «twinning arrangements» with similar institutions in the South.
- The private for-profit sector which has two sub-sectors as follows:
  a. Norwegian companies involved in providing goods and services to the public and private sector in developing countries, and
  b. Norwegian consulting firms managing specific programmes for NORAD.
- Norwegian NGOs and their southern counterparts.

The Ministry of Foreign Affairs (MFA) has decided to undertake a comprehensive Evaluation of Institutional Development in Norwegian Bilateral Assistance in the course of 1997. The evaluation will be undertaken in the form of five inter-related sub-studies. The principal findings will be synthesised in a composite final report. The five sub-studies are as follows:

1. A Study of Institutional Cooperation («twinning»)
2. A Case Study of the Cooperation between Sokoine and Ås Agricultural Universities
3. A Study of Private Companies
4. A Study of Private Consulting Firms
5. A Study of the NGO Channel

Each sub-study will be undertaken by independent teams, but MFA has requested Diakonhjemmets International Senter (DiS) in cooperation with Nordic Consulting Group (NCG) to prepare a common frame work for all the studies and coordinate the implementation in order to identify a core of common cross-cutting issues and concerns which should be traced in all channels and provide a basis for comparative analysis.

2. INTRODUCTION

Private consulting firms play a role in institutional development. Activities in all channels (public institutions, NGOs and private sector) funded by NORAD are guided by the same institutional development objectives. The mode of providing technical assistance is however changing and depend to some extent on the characteristics in each channel.

Today, individual experts are to a much lesser degree sent out by NORAD to work with capacity building in recipient organisations. The institutional contracts with public institutions in Norway («twinning arrangements» in study 1) are meant to represent a new approach to technical cooperation. Management of special programmes or technical assistance components are also awarded to private consulting firms. As Norwegian companies market their products and services through the private sector channel with support from NORAD, several consulting firms offer specialised technical and managerial skills for preparing and implementing programmes or components in large programmes.

This study includes only cases where Norwegian consulting firms are managing programmes or specific technical assistance components.[1] The consulting groups do in these cases not only provide technical expertise, but are also responsible for human and institutional development.

Use of company advisers and/or consulting groups have to some extent also replaced individual advisers, but to a larger extent among other donors than NORAD. NORAD is however using this option in new or difficult areas (e.g. Middle East) and for projects where specialised knowledge is required or not available through other channels.

There is limited knowledge about how and to what extent NORAD is using consulting firms to manage programmes and projects, and the study will have to establish the scope of such practice. The competence and capacity of these firms to carry out institutional development programmes have never been systematically studied. Neither have the results and achievements been documented and analysed, and compared with the use of alternative approaches or other channels.

The firms and projects selected for this study should preferably be in the same case countries as the private company study (study 3) since both will be carried out

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1 Not cases where the consultants only serve as external advisers or carry out feasibility studies or evaluations.

by the same team. The examples will be selected either as alternative, promising or best cases in order to strengthen the learning potential of the study.

3. PURPOSE AND OBJECTIVES

The *purpose* of this study is to collect and assess experiences with institutional development efforts in programmes managed by private consulting firms in order to increase the understanding of what factors influence and contribute to institutional development.

The *objectives* are:
(a) to examine institutional development strategies, experiences and outcomes from a group of private consulting firms,
(b) to analyse the preparation, processes and outcomes of institutional programmes and in particular assess how these are perceived by Southern partners,
(c) to contribute towards improved policies and practices in the area of technical co-operation and nstitution building.

4. OUTLINE OF ISSUES AND QUESTIONS

4. 1. General

The overall aim of institutional development is to build administrative and professional capacity and create favourable conditions for strong and vital organisations and institutional frameworks. Hence, this study will focus on the organisational and institutional aspects in selected cases and not the technical issues or operations.

Many evaluations of technical cooperation have concluded that results in the area of capacity building are generally poor. In order to rectify some of these shortcomings, this study will seek to document the objectives, strategies, institutional arrangements and practical mechanisms used by Norwegian consulting firms in institution building and assess their practical competence and capacity to carry out plans to reach such goals. Like the studies of the other channels it will discuss under what external and internal conditions these objectives are best achieved.

Other shared ambitions for the studies are better understanding of how the recipient system (counterpart institutions in the South) views and responds to institutional development efforts, and to what extent there is a convergence or conflict in interests and approaches between Northern and Southern perspectives. It is assumed that underlying culture-specific assumptions and attitudes strongly influence the level and success of mutual adaptation between different objectives,

strategies, cultures and capacities among the parties. The studies should also discuss the effectiveness and cost efficiency in each channel, and try to compare the results.

4.2. Questions

All studies shall address the following five general questions which will be specified later:[2]

1. What are the objectives for institutional development?
2. How are the objectives achieved?
3. What factors support/impede the processes of implementation?
4. What are the results at various levels?
5. Compare and asess the relative strengths and weaknesses for institutional development.

In order to address these questions the following issues should be examined:

Overview of study area

1. What are the policies and strategies, resources used and experiences gained from a broad range of Norwegian organisations/institutions within the respective study area [3]
2. What is the «state of the art» in institutional development in similar consulting firms in other contexts (international comparative perspective).

Role of NORAD

1. NORAD´s process of screening and selecting Norwegian consulting firms for institutional contracts, and monitoring and evaluation of performance.
2. Role and performance in coordinating and facilitating institutional programmes.

Organisational assessment

1. Background and evolution of institutional development efforts.
2. Motivation and interests in the organisations for institutional development.
3. Formulation of policies and aims for institutional development.
4. Operationalisation of institutional development (specific strategies and working methods defined as institutional development).

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2 See explanation in 4.2. in Plan of Implementation.
3 Guidelines for the survey instrument will be worked out by the coordinating team.

5. Level of competence and capacity in the organisations to effectively handle all aspects of institutional programmes (technical, cultural, managerial, administrative etc.) and efforts to strengthen the same.
6. Quality and effectiveness of institutional programmes within each institution to facilitate effective communication, maintain stability in relationships, control quality of programmes, etc. (Assess expressed relative strengths of institutional cooperation).

Process of mutual adaptation (implementation)

1. Strengths and weaknesses (critical factors) in the preparation and mutual adaptation of institutional programmes.
2. Extent to which principles like recipient responsibility, national ownership and participation have guided the preparation and implementation of programmes.
3. How counterparts and collaborative programmes are perceived and valued by the organisations involved.
4. Scope of convergence or conflict between Northern and Southern perspectives and experiences.

Contextual issues

1. Linkages and interactions with other organisations in the sector.
2. Role and impact of other donors and donor coordination.
3. Organisational and institutional development within the context of political and administrative reforms and social and economic progress.
4. Level of coordination and communication between institutional development efforts through the various channels in Norwegian bilateral assistance in planning and implementation. Potential for synergy effects.

Outcomes and impact

1. Availability of proper monitoring and evaluation mechanisms, indicators and data to assess outputs and effects.
2. Extent to which institutional programmes are reaching their short- and long term objectives.
3. Potential for sustaining and replicating institutional development programmes without external assistance.
4. Effectiveness and efficiency of institutional development strategies in a comparative perspective.

5. STUDY PLAN

5.1 Components

The study will have the following key components:

A. Survey and desk study phase
1. Carry out a survey among a broad range of Norwegian institutions/organisations in order to provide an overview and summary of objectives, strategies, resources (expertise, funds etc.) and experiences.
2. Briefly summarise findings from studies of private consulting firms drawing on international literature and relevant examples from other countries.

B. Case study phase
1. Analyse and assess in more detail the suggested cases:
2. Record and analyse policies and strategies adopted by the Norwegian firms, and assess their capacities and capabilities.
3. Assess how Southern counterparts perceive the involvement of Norwegian firms.
4. Assess the process of implementation (institutional learning and development), and the outcomes and impact of joint programmes.

C. Synthesis phase
1. Identify lessons learnt and recommendations for improvement of future policy and practice for the respective channel.
2. Generate common issues and concerns which are shared among all studies.

5.2 Methods
The studies will use a variety of appropriate methods, but after the initial survey and document/literature review primarily follow a case study approach where review of documents and interviews will complement information collected through the case studies.
• Survey including a broad range of Norwegian institutions.
• Literature and document review.
• Interviews with NORAD and the relevant Norwegian institutions.
• Case studies in selected countries with interviews.

5.3. Selection of case studies and countries

From the total number of agreements between NORAD and Norwegian private consultants and Southern partners in Tanzania, Zambia, Indonesia, Nepal and Palestine, at least three cases will be chosen for closer examination. The institutional relationships with Southern partners vary according to sector, level and

field of cooperation. Such variations constitute important premises for the study and must be taken into consideration in the selection process.

The table in Chapter 9 presents a list over projects[4] where Norwegian private consultants (and companies) participate. The consultants are free to suggest case studies in the listed countries, and may also suggest additional case studies in optional countries. The study plan must include a minimum of three case studies from minimum two of the listed countries. Both the continent of Africa and Asia must be represented. It is possible to alter the case study plan in consultation with the Team leader.

Potential cases for investigation could be:

• NORTAN's management of the privatisation of Sao Hill, Tanzania,
• Viak's support to the urban sector energy production in Tanzania,
• Norconsults' support to roads construction and hydropower planning in Tanzania.
• electification and physical planning projects in Gaza/West Bank (Norconsult etc.),
• Norconsult International's support to ZESCO Invoice System in Zambia,
• the development of the water sector in Zambia (Norplan, Norconsult, Interconsult), and
• Blom's assistance in production of sea- and landmaps in Indonesia, and
• Det norske Veritas' support to the master plan - marine pollution in Indonesia.

5. 4 Organisation and coordination

DiS is coordinating the study on behalf of MFA and the teams will communicate and report regularly to the appointed Team leader. NCG provides support, advice and quality control at critical junctures in the process. All teams shall participate in joint workshops to prepare methods and instruments for field visits, to discuss draft reports and contribute to the synthesis process. Teams are professionally responsible for their own products according to mandates prepared for each study. DiS/NCG in consultation with the Advisory Group is responsible for the review and quality control of reports.

5.5. Time frame

The study will commence when teams and consultants are approved by MFA, and not later than end of June 1997. Major events and deadlines will be in accordance with the time-schedule presented in the general study plan. Deadline for draft report is 15 November and final report 15 December 1997.

6. STUDY TEAM AND QUALIFICATIONS

The team should consist of two international and one national consultant in each country to be recruited by the international team. The national consultant should collect relevant background information and in particular cover the analysis of the selected national organisations.

The international consultants should have relevant theoretical knowledge and practical experience from institutional development programmes within a North-South context, and be familiar with Norwegian development policy and strategies.

7. REPORTS

The results of the study should be presented in a study report. The team is responsible for the validity of data, analysis and the overall quality of the report. Details will be regulated in accordance with specifications in the contract.

The report should contain all major findings, models for future organisational cooperation and recommendations for specific policy and institutional mechanisms. It will provide inputs for the synthesis report which will make a comparative assessment of institutional cooperation in the different channels.

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4 The list may be incomplete.

9. COUNTRY LIST

Country/Case Private companies & consultants	Activity	Company	Consultants
Tanzania			
Asplan Viak	Urban Sector Eng.Pr.		x
FORINDECO			x
Norconsult	Roads II/Hime Moshi- A.Hydropower plan	x	
ABB National Transformer	Kunduchi Power Station	x	
Agderbær			
Eeg-Henriksen	Mgoda bridge	x	
Fjeldhus Trading			
Fjordgløtt			
Kværner Energy	Power Kihansi	x	
Linjebygg			
Lyngen	Zanzibar sea ferries	x	
Noremco	Construction company roads, hydropower etc.	x	
NORTAN	Sao Hill privatisation		x
Nortroll			
Norwegian Forestry group			
Scan Equipment Norw.	Airtransport Company	x	
WIDCO			
Zambia			
Alf R. Bjercke			
Daproma	Production of wooden bearing constructions	x	
Norw. Veritas	Air pollution/industry pollution		
FORINDECO			
Norconsult	ZESCO invoice system, financial management		x
Norplan	Urban restructering&water		x
Indonesia			
Oceanor	Navigation, sea surveillance	?	
Dyno	Prod.of special glue, Paper Overlays Project	x	
Glamox	Production of light fit	x	
Braillo	Quality improvement schools for blind	x	
Blom's Surveying	Mapping Survey project, Sea Mapping Project		x
INDONOR	Wave power plant	x	
Unodrill	Survey Coastel Fisheries	?	
Det norske Veritas	Master plan marine pollution		x
Nepal			
ABB	Hydropower Khimti Khola	x	
Kværner	NHE-expansion, Khimti Khola	x	
Statkraft	Hydropower Phimti Khola	x	
Palestine			
Asplan Viak	Electrifiaction of Gaza/West Bank		x
Norconsult	Electrifiaction of Gaza/West Bank		x
SOTECO	Electrifiaction of Gaza/West Bank		x

ANNEX 2: LIST OF PRIVATE FIRMS AND PRIVATE CONSULTING COMPANIES

Name	Company	Address	WorkPhone	Land	Responsible	Comment
Ole Hillestad	ABB	Pb 470, Brakeøya N-3002 Drammen Norway	+47 32 247646	Nepal Eritrea Uganda Tanzania Ethiopia Pakistan Sri Lanka	Lars Bjern	Pilotföretag
Olav Moen	Agdebær A/S	Kvarstein N-4700 Vennesla Norway	+47 38 154489	Tanzania		Ej pilotföretag
Svein-Erik Dippner	Alcatel Telecom Norway AS	Pb 310-Økern N-0511 Oslo Norway	+47 22 638810	China		Ej pilotföretag
Terarild Garnåsjordet	Asplan Viak Konsern AS	Pb 24 N-1301 Sandvika Norway	+47 67 525200	Palestina Tanzania	Lars Bjern el. Tove Strömberg	Pilotföretag
Oddvar Vigestad	Bergen Nordhordland Rutelag A/S	Pb 4204, Nygårdstangen N-5028 Bergen Norway	+47 55 548700	China		Ej pilotföretag
Tian Stranger	Blom's Surveying	Høibråten-veijen 13 b N-1055 Oslo Norway	+47 22 302085	Indonesia	Kim Forss	Pilotföretag
Kjell Fløttun	Det Nordenfjeldske Dampskibsselskab AS	Pb 87 N-7001 Trondheim Norway	+47 73520500	Mozam-bique		Ej pilotföretag
Per Emil Lindøe	Det Norske Veritas, Development	Pb 300 N-1322 Høvik Norway	+47 67 577351	Namibia Zambia India China	Kim Forss	Pilotföretag

Addresslist for questionnaire to private companies and consulting firms

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Name	Company	Address	WorkPhone	Land	Responsible	Comment
Alf O. Lyseberg	Dyno Industries ASA	Pb 779 - Sentrum N-0106 Oslo Norway	+47 22 317000	Pakistan	Kim Forss	Pilotföretag
Hans Fredrik Jensen	Eeg-Henrikssen Anlegg AS	Pb 454 - Sentrum N-0104 Oslo Norway	+47 22 986800	Tanzania	Lars Bjern el. Tove Strömberg	Ej pilotföretag
Anita Jørgensen	Elkem Technology Services	Pb 5211 - Majorstua N-0303 Oslo Norway	+47 22450600	China		Ej pilotföretag
Øivind Tidemandsen	Elkjøp ASA	Pb 53 - Stovner N-0913 Oslo Norway	+47 67 971500	Bangla-desh		Pilotföretag
Martin Legassick	Eltek U.K. Ltd	2 Macsted road, Hamel Hampstead Herts HP 27DX England		India		Ej pilotföretag
Helge Olav Strand	ELVA Induksjon a.s	Pb 760 - Sentrum N-3701 Skien Norway	+47 35 506000	India		Ej Pilofföretag
Karl Johan Emdal	Emco Møbler A/S	N-6220 Straumgjerde	+47 70 251511	Sri Lanka		Ej pilotföretag Endast förstudie
Jan Hassel	EPOS AS	Pb 373, Elvegaten 19 N-2601 Lillehammer Norway	+47 61 289900	India		Ej pilotföretag Endast förstudie
John Christian Hiaas	Fjeldhus Trading AS	Slemdalsvei 72 N-0373 Oslo Norway	+47 22 495880	Tanzania	Tove Strömberg	Ej pilotföretag

Addresslist for questionnaire to private companies and consulting firms

2

Name	Company	Address	WorkPhone	Land	Responsible	Comment
Jan Stenehjem	Fly Vedlikehold	Torp Flygplats N-3233 Sandefjord Norway	+47 33 470324	Tanzania		Ej pilotföretag
	FORINDECO	Nedre Storgatan 51 N-3015 Drammen Norway	+47 32 832120	Tanzania Zambia	Tove Strömberg	Ej pilotföretag
Malvin Bjorøy	Geolab Nor A/S	N-7002 Trondheim Norway	+47 73 964000	India	Kim Forss	Ej pilotföretag
Hege Tveit	Georg Tveit	N-3771 Kragerø Norway	+47 35 989500	Sri Lanka		Ej pilotföretag Endast förstudie
Hans Christian Hassum	Idess Norway A/S	Baglergaten 3 N-3111 Tønsberg Norway	+47 33 319367	Sri Lanka		Ej pilotföretag Endast förstudie
Per Stefansen	Indonor A/S	Pb 8702 Vågsbygd N-4602 Christianshamn Norway	+47 38 019170	Indonesia	Kim Forss	Ej pilotföretag
Ole Paulssen	Interconsult International	Pb 6412 - Etterstad N-0605 Oslo Norway	+47 22 635900	Eritrea Zimbabwe	Tove Strömberg	Ej Pilotföretag
Magnar Kristiansen	Jacobsen Electro AS	Pb 52 N-3301 Hokkesund Norway	+47 32753600	Mozambique Zimbabwe Bangladesh		Ej pilotföretag
Hans Skabo	Jambo Roses/v/ Overseas Shipping AS	Hausmannsgt.6 N-0186 Oslo Norway	+47 22116020	Uganda		Ej pilotföretag

Addresslist for questionnaire to private companies and consulting firms

Name	Company	Address	WorkPhone	Land	Responsible	Comment
Tor Johansen	JOTUN A/S	Pb2021 - Hasle N-3235 Sandefjord Norway	+47 33 457000	China		Ej Pilotföretag
Bjørn Klaveness	Klaveness Skofabrikk A/S	Pb 2034-Hasle N-3202 Sandefjord Norway	+47 33 476700	Bangla-desh		Ej pilotföretag
Tom Knudsen	Kongsberg Norcontrol Systems	Pb 1024 N-3194 Horten Norway	+47 33 032412	China		Ej Pilotföretag
Ole Chr. Us	KonMap AS	Pb 1025 N-3601 Kongsberg Norway	+47 32 720750	India		Ej pilotföretag
Arne Johanssen	Kværner Energy AS	Pb 9277 - Grønland N-0134 Oslo Norway	+47 22 666666	Nepal Pakistan Tanzania Uganda Vietnam	Lars Bjern	Pilotföretag
Magne Ekanger	Lai Berg Holding A/S	Pb 20 - Lilleaker N-0216 Oslo Norway	+47 22 731820	China		Ej pilotföretag
Morten Snaprud	Linjebygg A/S	Fannestrand-vegen 54 N-6400 Molde Norway	+47 71 243000	Mozam-bique Tanzania		Ej pilotföretag
	Lyngen A/S	P.O Box 2222 Zanzibar Tanzania		Mozam-bique Tanzania		Ej pilotföretag
Torsten Sagen	Mehren Rubber AS	Pb 143 N-3070 Sande i Vestfold Norway	+47 33 785500	Sri Lanka		Pilotföretag

4

Addresslist for questionnaire to private companies and consulting firms

Name	Company	Address	WorkPhone	Land	Responsible	Comment
Karl Mosvald	Mosvald	Pb 27 N-4601 Kristiansand Norway	+47 38 027700	Ethiopia		Ej pilotföretag
Reider Hjelleset	Møller Energy	Bergermoen N-3520 Jevnaker	+47 61 311500	Pakistan		Ej pilotföretag
Inge Reithaug	NB Partner	Nedre Slottsgt.15 N-0157 Oslo Norway	+47 22 478560	Pakistan Sri Lanka		Ej pilotföretag
Jan Biering	Nera ASA	Pb 10 N-5061 Kokstad Norway	+47 55 225100	Mozam-bique Namibia China Pakistan		Pilotföretag
Erik Økseter	Norconsult International A.S.	Pb 626 N-1301 Sandvika Norway	+47 67 549590	Tanzania Mozam-bique Namibia Zimb-abwe Pakistan Palestina		Ej pilotföretag
Sven Tveiten	Nordic Comfort Products AS	Pb 3, Juvikveien 1 N-8640 Hemnesberget Norway	+47 75197700	Sri Lanka		Ej pilotföretag
	Nordic Consulting Group	Kongensgate 14 Oslo N-0153 Norway	+47 22 336192	Mozam-bique Zimb-abwe		Ej pilotföretag

Addresslist for questionnaire to private companies and consulting firms

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Name	Company	Address	WorkPhone	Land	Responsible	Comment
Truls Evensen	Norenco Construction A/S	Pb 168 N-1313Vøyenenga Norway	+47 22 427666	Tanzania	Lars Bjern el. Tove Strömberg	Ej pilotföretag
Even Tideman	Norfico Consult AS	Postutag 9005 Tromsø Norway	+47 77 622670	India		Ej pilotföretag
Sven Lund	Norline Transport Systemer AS	Pb 3 N-5610 Øystese Norway	+47 56 555387	India Sri Lanka		Ej pilotföretag
Knut Ekeberg	Norplan	Pb 97 Manglerud N-0612 Oslo Norway	+47 22677090	Mozam-bique Uganda Zambia Pakistan	Tove Strömberg	Ej pilotföretag
Tove Veierød	Norsk Hydro AS	IOS Bygdeallé 2 N-0240 Oslo Norway	+47 22 738100	Angola Namibia India Vietnam Banlga-desh Sri Lanka		Pilotföretag
Ingar Løvø	Nortroll A/S	Pb 133 N-7601 Levanger Norway	+47 74 085500	Tanzania		Ej pilotföretag
Leif Engesæth	Norwegian Forestry Group	Haakans VIIs gt 9 N-0161 Oslo Norway	+47 22 947747	Tanzania		Ej pilotföretag Endast förstudie
Frode Berge	Oceanor	Pir Senteret N-7005 Trondheim Norway	+47 73 545200	India Indonesia	Tove Strömberg	Ej pilotföretag

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Addresslist for questionnaire to private companies and consulting firms

Name	Company	Address	WorkPhone	Land	Responsible	Comment
Nils Martin Nilsen	Owens-Corning	Pb 2059-Hasle N-3239 Sandefjord Norway	+47 33 449100	Botswana Zimbabwe		Ej pilotföretag
Frank Bjordal	P4 Hele Norge	Karl Johansgate 27 N-0159 Oslo Norway	+47 22 424444	Syd Afrika		Ej pilotföretag
Harald Drager	Quasar Consultants A/S	Pb 388-Skøyen N-0212 Oslo Norway	+47 22 730860	China		Ej pilotföretag
	Ragnar J Svinningen A/S	Oksenøyvn 70 N-1324 Lysaker Norway	+47 67 589700	Sri Lanka		Ej pilotföretag
Roger Konradsen	Refa A/S	Pb 8 N-9300 Finnsnes Norway	+47 77850500	India		Ej pilotföretag
Tor Lund	Rieber & Son	Pb 987 N-5002 Bergen Norway	+47 55 967000	Botswana		Ej pilotföretag
Idar Kjørlaug	Saga Petroleum ASA	Pb 490 N-1301 Sandvika Norway	+47 67 126600	Angola	Tove Strömberg	Ej pilotföretag
Alf Renmseth	Scan Equipment Norwegian	Pb 94 N-1330 Oslo Lufthavn Norway	+47 67 530605	Tanzania		Ej pilotföretag
Stig Aune	Scana Industries asa	Pb 1584 N-4004 Stavanger Norway	+47 51 869400	China		Ej pilotföretag
Svein Normann Hanssen	Selmer ASA	Pb 1175-Sentrum N-0107 Oslo Norway	+47 22030600	Mozambique		Ej pilotföretag

Addresslist for questionnaire to private companies and consulting firms

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Name	Company	Address	WorkPhone	Land	Responsible	Comment
	SHIPDECO AS	Fred Olsensgate 1 N-0152 Oslo Norway	+47 22 413500	Mozambique		Ej pilotföretag
Erik Stenersen	Simrad AS	Pb 111 N-3191 Horten Norway	+47 33 034000	India		Pilotföretag
Peter Grindem	Solberg & Andersen	Pb 6500 N-0602 Oslo Norway	+47 023 19300	China		Ej pilotföretag
	Soteco	Pb 2947 Tøyen N-0608 Oslo Norway		Palestina		
Øistein Stormo	Statkraft Engineering as	Pb 191 N-1322 Høvik Norway	+47 67 577010	Vietnam		Ej pilotföretag
Sverre Nygård	Statkraft SS	Pb 494 Høvik N-1322 Norway	+47 67 577000	Nepal Pakistan		Ej pilotföretag
Rolf Magne Larssen	Statoil Norge AS	N-4035 Stavanger Norway	+47 51 808080	Angola		Pilotföretag
Aril Riis	Sysdeco GIS	Pb 433 N-3601 Kongsberg Norway	47 32 736600	India		Pilotföretag
Einar Osnes	Tallmek Smøla A/S	N-6570 Edøy Norway	+47 71 543771	India		Ej pilotföretag Endast förstudie
Terje Osmundsen	Telenor Investment AS	Pb 6701 N-0130 Oslo Norway	+47 22 779930	Eritrea Bangladesh		Ej pilotföretag

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Addresslist for questionnaire to private companies and consulting firms

Name	Company	Address	WorkPhone	Land	Responsible	Categori
	Terje Presterud A/S	Pb 240 N-3001 Drammen Norway	+47 32835151	Sri Lanka		Ej pilotföretag
Odvin Skaiaa	Tranor A/S	Pb 83 N-4501 Mandal Norway	+47 38 260630	Zimb-abwe		Ej pilotföretag
Lars Egil Økland	Ulstein Bergen Energy AS	Pb 904 N-5001 Bergen Norway	+47 55 199190	Pakistan		Ej pilotföretag
	Unodrill A/S	Pb 816 N-7001 Trondheim Norway	+47 73 520615	Indonesia		Ej pilotföretag Endast förstudie
Jan Sollid	Vingmed Sound A.S	Pb 141 N-3191 Horten Norway	+47 33042132	China		Ej pilotföretag

Sum = 75 private companies and consulting firms

Addresslist for questionnaire to private companies and consulting firms

9

ANNEX 3: QUESTIONNAIRE

A Study of Institutional Development Efforts in Norwegian Bilateral Assistance
A Questionnaire to Private Companies and Consulting Firms

1. Since when has your organisation worked with institutional development?

2. How many projects of an institution building character has your organisation been engaged in?

3. In which of the following regions have you been working?
    r   Africa
    r   Asia
    r   Latin America
    r   Central and Eastern Europe

4. Estimate your average programme budget in MNOK?
    r >1   r 1 - 10   r 10 - 50   r 50<

5. Estimate the average amount of months used in your programmes?
    r >12   r 12 - 36   r 36 - 72   r 72<

6. Estimate the average duration of your programmes in years?
    r >2   r 2 -5   r 5 - 10   r 10<

7. Has your organisation formulated its own;
    r   policies and aims for institutional development?
    r   policies and aims around equality between women and men?
    r   specific strategies and working methods for institutional development?
    r   specific gender strategies and working methods?
    r   Not applicable
    (Please annex the documents you have mentioned to the questionnaire)

8.   Were your partner organisations involved in formulating any of the above mentioned documents?
r Yes   r No   r Not applicable
If yes, describe how?

9.   Has your organisation developed any indicator or data to evaluate and monitor your programmes?
r Yesr No

10.   If yes, which of the following have been developed?
      r   Quality indicators and data
      r   Quantitative indicators and data
      r   Gender aggregated indicators and data

11.   How are the programmes mostly initiated?
      r   Mainly initiated by your organisation
      r   Mainly initiated by the organisation in the recipient country
      r   Mainly initiated by NORAD
      r   Equally much by your organisation and the one in the recipient country
      r   Equally much by NORAD and the one in the recipient country
      r   Equally much by NORAD, your organisation and the   organisation in the recipient country

12.   Do you think the terms of reference have been useful to guide the project during the implementation phase?
      r Yes   r No

13.   Do you, in retrospect, think that the goals and objectives were clear and appropriate?
      r Yes   r No

14.	Were there any major disagreements between your organisation, NORAD and the partner organisation concerning the contents of the Terms of Reference? If yes, about what and how was the issue resolved?

15.	Can you provide an estimate of the average achievement of objectives in the project you are involved in percentage?
r >25	r 25 - 50	r 50 - 75	r 75<

16.	Can you point at some objectives that have been specifically well met?

17.	Can you identify some objectives that have not been met, or where the achievements are lower?

18.	Which of the following activities describe the institutional development within private development programmes best:

Assistance to public authorities in the preparation of relevant policies, laws and regulations. Tasks include:
r	formulation of development strategies, political frameworks and plans of action.
r	development or revision of relevant legislation e.g. regarding property law and company register.
r	development of public institution to carry out the laws and regulations, e.g. banking, insurance and securities commissions.

Assistance to the improvement of relevant public services. Tasks include:

r   strengthening/development of technical advice including marketing and company creation.

r   strengthening/development of relevant education- and research institutions.

r   development of guidelines for standardisation and quality control.

Support for the development of relevant private organisations and institutions. Efforts include:

r   strengthening/development of sector specific, non-governmental education, research and development institutions.

r   strengthening/development of saving and credit facilities in formal and informal sector.

r   strengthening/development of funds for risk capital and the formation of capital markets in private sector.

r   support to restructuring and privatisation of para-statals.

r   strengthening/development of organisations for employers and employees.

r   development of trade unions.

Direct support to individual production enterprises.

r   financial support/credit to producers: parallel financing, mixed credits, investment support (available only if Norwegian companies take part in the project), contribution to training, environmental activities, an compensation for lacking infrastructure.

Consulting firms managing programmes or specific technical assistance components.

r   The company have specialised technical and managerial skills for preparing and implementing programmes or components in large programmes.

r   Other

19.   What are the major external factors like culture, religion, ethnicity, politics, economics, etc. that have had a major impact on goal achievement of the programme?

20. What are the major internal factors like staff education level, bureaucratic procedures, management, etc. within your partner organisation that have had a major impact on goal achievement?

21. Have you had any specific component on gender issues in your programme of co-operation? Can you describe these?

22. In your opinion, do you think the co-operation between you and your partner organisations work well?
    r Yes   r No
    Explain

23. Are there any other donors supporting the recipient organisation?
    r Yes   r No

24. If yes, does your organisation co-operate or co-ordinate your activities with this organisation?
    r Yes   r No

25. In your opinion do you think that the co-operation between you and the other donors work well? Why or why not?

26.   In
your opinion will a majority of your partner organisations be able to deliver
their output without donor assistance as money, physical assets or technical
assistance within the next five years? Why or why not?

THANK YOU FOR YOUR CO-OPERATION!

ANNEX 4: LIST OF INTERVIEWED FIRMS

ABB Kraft AS

Asplan Viak AS

Blom AS

Det Norske Veritas

Dyno AS

Geolab NOR AS

Interconsult International AS

Kvaerner Energy AS

NCC Eeg Henriksen Anlegg AS

Norconsult International AS

Norplan AS

Oceanor AS

Saga Petroleum AS

ANNEX 5: INTERVIEW GUIDELINES

Frågor i anslutning till besök på norska företag.

(Till skillnad från enkäten så avser de här intervjuerna att belysa det norska företagets erfarenheter av ett specifikt projekt, dvs först och främst projekten i de länder som blir fallstudieländer, och annars det som angivits i projektlistan för de andra länderna. Det är också viktigt att få en ordentlig beskrivning av projektet, gärna med projektplan, samt även av den norska organisationen.)

1. Beskrivning av projektet.

Projektets mål

Startdatum

Budget

Rapportering (t.ex. års eller kvartalsrapporter, be att få ta del av dessa)

2. Aktiviteter inom organisationsutveckling

Vilka aktiviteter sker inom projektet som kan hänföras till organisationsutveckling (t.ex. personalutbildning, utformning av system och rutiner, organisatoriskt förändringsarbete, rationalisering och omstrukturering, chefsutveckling mm.)?

Beskriv dessa aktiviteter i termerna ovan och redogör för vilken personal som deltar i arbetet och hur mycket tid som är allokerat för respektive aktivitet.

Hur mycket av detta var specificerat i ursprunglig projektplan, och hur mycket har identifierats senare?

Varifrån kommer initiativen att arbeta med organisationsutveckling (NORAD, det norska företaget, samarbetsföretaget i u-land, eventuellt annat håll)?

Vilka resurspersoner från det norska företaget deltar i arbetet (korttidskonsulter, långtidsexperter, vilka kvalifikationer har de (u-landserfarenhet, akademisk utbildning, erfarenhet av organisationsutveckling i Norge), män eller kvinnor.

Hur är ansvaret för organisationsutveckling utformat i samarbetsföretaget i u-land (projektgrupp, högsta chefen, styrelsen, chef på mellannivå)?

Hur har man lyckats med organisationsutveckling inom projektet, vilka förändringar har genomförts i samarbetsföretaget? (Här är det viktigt att få konkreta belägg, Vad har man faktiskt ändrat eller infört för nyheter)

Vilka är för närvarande de största problemen vad gäller samarbetsföretagets organisation?

3. Aktiviteter inom institutionsutveckling

Vad finns det för aktiviteter i projektet som inriktar sig på att åstadkomma förändringar i samarbetsföretagets omvärld (t.ex. påverka lagstiftning, äganderättsförhållanden, konkurrensbegränsning, skattelagstiftning, kundstruktur, den institutionella miljön (t.ex. samarbete mellan företag, forskningssamverkan, gemensam utbildning, teknologiöverföring mm.)? Beskriv de olika komponenterna, och dokumentera med hjälp av projektplan och arbetsbeskrivningar.

Följ frågor inom detta område på samma sätt som vad gäller organisationsutveckling.

4. Kulturskillnader

Vad ser ni för kulturella faktorer som särskilt utmärker - eller påverkar - verksamheten i samarbetsföretaget?

Vilka är de kulturella faktorer som negativt påverkar samarbetet eller försvårar det?

Finns det aspekter i mottagarlandets kultur som underlättar samarbetet?

Vilka aspekter av norsk kultur är det som särskilt skiljer sig från mottagarlandets kultur?

Vilka strategier använder man sig av för att hantera kulturskillnaderna?

Har den norska personalen någon särskild genomgång eller utbildning i att hantera kulturskillnader?

Får personalen i mottagarlandets organisationer någon information om norsk kultur, t.ex. inför utbildning eller praktik i Norge?

Hur beaktar man kulturkompetens vid rekrytering av norsk expertis?

5. Hantering av konflikter

Beskriv i korta drag rollfördelningen mellan de parter som deltar i samarbetet?

Vilka kontakter har företaget med Norad's handläggare - i Oslo och i mottagarlandet?

Vilka utgångspunkter hade parterna när projektet utformades och hur jämkades de olika synpunkterna samman till den projektplan som finns idag?

Nämn åtminstone fem områden där Norad och det norska företaget haft olika uppfattningar kring projektgenomförandet? Samma vad gäller det norska företaget och samarbetsföretaget i u-landet?

Är det några aktiviteter som avbrutits på grund av olika uppfattningar om mål, sätt att genomföra dem, eller resultat?

Finns det några kulturellt betingade skillnader i sätt att se på konflikter och hantera konfliktlösning?

Finns det några principiellt viktiga skillnader i hur konflikter hanteras på det här projektet jämfört med verksamheter i Norge eller i andra i-länder?

6. Gender frågor

I vilken utsträckning används kvinnliga konsulter på projektet? (Andel av totalt fakturerade manmånader). Varför är det inte mer, eller - om mer än 50% - hur kan det vara så mycket?

Hur ser mottagarlandets organisationer på kvinnliga samarbetspartner?

Vad har kvinnor för positioner i samarbetsföretaget - på chefsnivå eller inom tekniska områden?

I vilken utsträckning har Norad's målsättning om att främja kvinnornas ställning i u-länder påverkat det här projektet?

Får den personal som används i samarbetet del av någon utbildning om gender frågor?

7. Erfarenheter och resultat.

Hur mycket tid återstår innan projektet är avslutat?

Har det förekommit någon utvärdering?

Vad är de viktigaste resultaten idag?

Vad förväntar man sig åstadkomma intill dess projektet är avslutat?

Hur försäkrar man sig om mottagarorganisationernas ägarskap av resultaten?

Om man hade en chans att göra om projektet, vad skulle man då med dagens kunskap ha gjort annorlunda?

ANNEX 6: DISTRIBUTION OF RESPONSES TO QUESTIONNAIRE

SUMMARY

1. Since when has your organisation worked with institutional development?	
Most of the Norwegian companies started to work with NORAD financed Institutional Development later than 1985. The earliest any company started to work with institutional development was 1970 and the latest 1997.	
Total respondents:	26

2. How many projects of an institution building character has your organisation been engaged in?	*Number of respondents*
> 2	11
2 - 5	6
5 - 10	3
10 <	5
Not applicable	12
Total respondents:	37

3. In which of the following regions have you been working?	*Number of respondents*
Africa	15
Asia	21
Latin America	7
Central and Eastern Europe	6
Not applicable	11

4. Estimate your average programme budget in MNOK?	*Number of respondents*
> 1 1 - 10 10 - 50 50 < Not applicable	2 17 4 3 11
Total respondents:	37

5. Estimate the average amount of months used in your programmes?	*Number of respondents*
>12 12 - 36 36 - 72 72 < Not applicable	4 14 5 3 11
Total respondents:	37

6. Estimate the average duration of your programmes in years?	*Number of respondents*
> 2 2 - 5 5 - 10 10 < Not applicable	4 15 5 1 12
Total respondents:	37

7. Has your organisation formulated its own;	*Number of respondents*
policies and aims for institutional development?	11
policies and aims around equality between women and men?	4
specific strategies and working methods for institutional development?	9
specific gender strategies and working methods?	0
Not applicable	12

8. Were your partner organisations involved in formulating any of the above mentioned documents?	*Number of respondents*
Yes	9
No	8
Not applicable	2
Total respondents:	19
If yes, describe how? The Norwegian company usually discuss policies, strategies and working methods with the "client" or "partner organisation" when negotiating the contract or preparing a feasibility study. Some of the Norwegian companies that stated in the questionnaire that they did not involve the "client" or "partner organisation" gave the reason that these policies, etc. are for the whole company and not only for this particular project.	
Total respondents:	9

9. Has your organisation developed any indicator or data to evaluate and monitor your programmes?	*Number of respondents*
Yes	15
No	11
Not applicable	11
Total respondents:	37

10. If yes, which of the following have been developed?	*Number of respondents*
Quality indicators and data	8
Quantitative indicators and data	11
Gender aggregated indicators and data	2
Not applicable	22

11. How are the programmes mostly initiated?	*Number of respondents*
Mainly initiated by your organisation	7
Mainly initiated by the organisation in the recipient country	7
Mainly initiated by NORAD	3
Equally much by your organisation and the one in the recipient country	6
Equally much by NORAD and the one in the recipient country	3
Equally much by NORAD, your organisation and the organisation in the recipient country	3
Not applicable	11

12. Do you think the terms of reference have been useful to guide the project during the implementation phase?	*Number of respondents*
Yes	16
No	5
Not applicable	16
Total respondents:	37

13. Do you, in retrospect, think that the goals and objectives were clear and appropriate?	*Number of respondents*
Yes	16
No	5
Not applicable	16
Total respondents:	37

14. Were there any major disagreements between your organisation, NORAD and the partner organisation concerning the contents of the Terms of Reference? If yes, about what and how was the issue resolved?
Only two Norwegian companies claimed that they had a disagreement when they planned the project. The disagreement was between the Norwegian company and NORAD The other respondents meant that they had no major disagreements. If the Norwegian company had a disagreement with the "client" or "partner organisation" it was solved when they negotiated the contract.
Total respondents: 17

15. Can you provide an estimate of the average achievement of objectives in the project you are involved in percentage?	*Number of respondents*
>25	1
25 - 50	1
50 - 75	3
75<	17
Not applicable	15
Total respondents:	37

16. Can you point at some objectives that have been specifically well met?
This question is hard to summarise, because the respondents gave very different answers. The following activities was according to the respondents successful; on the job training; implementation of production and control procedures; financing of local private and government banks; transfer of know-how relating to planning, operation and maintenance of telecommunication networks; institutional training; improvement of medical treatment of patients and knowledge of hospital/clinics; co-ordination of institutional and investment criteria; implementation of management information systems; team-building; training programs.
Total respondents: 18

17. Can you identify some objectives that have not been met, or where the achievements are lower?	
The two main problems mentioned in the comments concern the time and lack of education. The first problems refer to that everything works slower than expected not only the "client's" or "partner organisation's" procedure, but also NORAD's procedures. The second problem is the problem for the "client" or "partner organisation" to absorb the technology transfer due to lack of the right educational background.	
Total respondents:	17

18. Which of the following activities describe the institutional development within private development programmes best:	
Assistance to public authorities in the preparation of relevant policies, laws and regulations. Tasks include:	*Number of respondents*
formulation of development strategies, political frameworks and plans of action.	6
development or revision of relevant legislation e.g. regarding property law and company register.	0
development of public institution to carry out the laws and regulations, e.g. banking, insurance and securities commissions.	0
Assistance to the improvement of relevant public services. Tasks include:	*Number of respondents*
strengthening/development of technical advice including marketing and company creation.	9
strengthening/development of relevant education- and research institutions.	2
development of guidelines for standardisation and quality control.	5

Continuation of question 18:	
Support for the development of relevant private organisations and institutions. Efforts include:	*Number of respondents*
strengthening/development of sector specific, non-governmental education, research and development institutions.	1
strengthening/development of saving and credit facilities in formal and informal sector.	0
strengthening/development of funds for risk capital and the formation of capital markets in private sector.	3
support to restructuring and privatisation of parastatals.	2
strengthening/development of organisations for employers and employees.	0
development of trade unions.	0
Direct support to individual production enterprises:	*Number of respondents*
financial support/credit to producers: parallel financing, mixed credits, investment support (available only if Norwegian companies take part in the project), contribution to training, environmental activities, an compensation for lacking infrastructure.	13
Consulting firms managing programmes or specific technical assistance components:	*Number of respondents*
The company have specialised technical and managerial skills for preparing and implementing programmes or components in large programmes.	5
Other:	
Six out of the thirteen Norwegian companies described their co-operation with their "partner organisation" as an joint venture partly financed by NORAD either as a soft loan or the training. The other respondents described the institutional component as a pure training component of the "client's" staff to be able to use the Norwegian company's product.	
Total respondents:	13

19. What are the major external factors like culture, religion, ethnicity, politics, economics, etc. that have had a major impact on goal achievement of the programme?	
Most of the respondents have mentioned that the major external factors are; politics, an example is the need of good political contacts in South Africa; history, an example is people in Mozambique, they easily get aggressive, because they are use to deal with conflicts through aggression; culture, the Norwegian company need to learn and adapt to the cultural context the "client" or "partner organisation" work in.	
Total respondents:	16

20. What are the major internal factors like staff education level, bureaucratic procedures, management, etc. within your partner organisation that have had a major impact on goal achievement?	
The three components above are all important in the following ranking orders management (nine respondents), bureaucratic procedures (eight respondents) and staff education level (six respondents). The management has had both positive and negative impact on the projects, while most Norwegian companies complain about slow bureaucratic procedures. When the staff education level is mentioned in the comments the Norwegian companies state that their "client's" or "partner organisation's" level is to low.	
Total respondents:	21

21. Have you had any specific component on gender issues in your programme of co-operation? Can you describe these?	
A majority of the respondents answered that they did not have any special component on gender issues in the project. A couple of the Norwegian companies, however, try to influence their "client" or "partner organisation" to employ more women or train more women.	
Total respondents:	17

22. In your opinion, do you think the co-operation between you and your partner organisations work well?	*Number of respondents*
Yes	20
No	2
Not applicable	15
Total respondents:	37
Explain:	
When the respondents explain why the co-operation works well they use words like frequent communication and contact, clearly defined goals and tasks.	
Total respondents	15

23. Are there any other donors supporting the recipient organisation?	*Number of respondents*
Yes	11
No	13
Not applicable	13
Total respondents:	37

24. If yes, does your organisation co-operate or co-ordinate your activities with this organisation?	*Number of respondents*
Yes	9
No	4
Not applicable	24
Total respondents:	37

25. In your opinion do you think that the co-operation between you and the other donors work well? Why or why not?
The Norwegian companies that do not think the co-operation work well regard the co-operation as time consuming. When the co-operation works well the reason is that they have a common understanding.

Total respondents:	11

26. In your opinion will a majority of your partner organisations be able to deliver their output without donor assistance as money, physical assets or technical assistance within the next five years? Why or why not?	
Nine Norwegian companies answered a definite yes that their "client" or "partner organisation" will be able to deliver their output. When a reason is given by the respondent they mention that the staff is well trained. Ten Norwegian companies answered a definite no on the same question. The reason given was that their "client" or "partner organisation" do not have the financial or human resources without donor assistance.	
Total respondents:	21

ANNEX 7: SURVEY INSTRUMENT FOR MAPPING ORGANISATIONAL CULTURE

In this questionnaire we serve a number of statements concerning work life. These concern the role of a mananger, the nature of the organization and its environment, et cetera. Please note that there are no right or wrong answers, we are only interested in opinions and values, not whether it is right or wrong, nor how you or others would like things to be. We are only interested in your frank and open opinions on these matters. Take your time and consider your opinions, and then mark one of the alternatives in response of each statement.

(Respondents nationality _____)
(Position in the organisation _____)
(top mgmt, middle mgmt, other)

	Strongly agree	Agree	Disagree	Strongly disagree

A good manager should be:

1. strong, decisive and firm, but fair. Protective, generous and indulgent to loyal subordinates.

2. impersonal and correct, avoiding exercise of authority for his/her own advantage. He/she should only demand from subordinates things required by the formal system.

3. egalitarian and capable of being influenced in matters concerning the task. He/she uses her authority to obtain the resources needed to complete the job.

4. concerned with and responsive to the personal needs and values of others. He/she uses her position to provide satisfying stimulating work opportunities for subordinates

A good subordinate should be:

5. compliant and loyal to the interests off his/her superior.

6. responsible and reliable, meeting the duties of the job and avoiding actions that surprise or embarrass his/her superior.

7. self-motivated to contribute her best to the task and open with ideas.

8. open to learning and receiving help, respects the needs and values of others and is willing to contribute to their development.

Strongly
disagree

Disagree

Agree

Strongly
agree

A good employee should give first priority to

9. the personal demands of the boss.
10. duties, responsibilities, and requirements of his/her own role
11. requirements of the task for skill, ability, energy and other resources
12. personal needs of the individuals involved.

People who do well in our organization are:

13. shrewd and competitive, with a strong drive for power.
14. conscientious and responsible, with s strong sense of loyalty.
15. technically effective and competent, with a strong commitment to get the job done.
16. effective and competent in personal relationships, with a strong commitment to the growth and development of people

In our firm in general, an individual is treated as though:

17. her time and energy were at the disposal of persons higher in the hierarchy.
18. her time and energy were regulated by a contract with rights and responsibilities for both.
19. she is a co-worker who has committed skills and abilities to a common cause.
20. she is an interesting and worthwhile person in her own right.

Strongly
disagree

Disagree

Agree

Strongly
agree

People are controlled and influenced by the:

21. personal exercise of power as rewards and punishments.
22. the impersonal enforcement of procedures and standards
of performance.
23. communication and discussion of tasks, which builds
commitment to the goals.
24. intrinsic interest and enjoyment found in the activities,
and concern for others involved.

In our firm it is considered legitimate for one person to control
another's activities if :

25. she has more authority and power in the organization.
26. her role prescribes that she is responsible for directing the other.
27. she has more knowledge relevant to the task.
28. the other accepts that the first persons help can contribute to
his/her learning and growth

The basis of task assignment is:

29. the personal needs and judgement of those in authority.
30. the formal division of functions and responsibilities in the system.
31. resource and expertise requirements of the job to be done.
32. personal wishes and needs for learning and growth of individual
organization members.

Strongly
agree

Agree

Disagree

Strongly
disagree

For most employees, work is performed:

33. out of hope of reward, fear of punishment, or personal loyalty toward a powerful individual.

34. respect for contractual obligations, backed up by sanctions and loyalty to the organization.

35. satisfaction in the excellence of work and achievement, and commitment to the task or goal.

36 enjoyment of the activity for its own sake and concern/respect for the needs of others involved.

People work best together when they:

37. are required by higher authority or believe they can use each other for personal advantage.

38. coordination and exchange are specified by the formal system.

39. their joint contribution is needed to perform the task.

40 the collaboration is personally satisfying, stimulating and challenging.

The purpose of competition is to:

41. gain personal power and advantage.

42. gain high status positions in the formal system.

43. increase the excellence of contribution to the task.

44 draw attention to ones own personal needs.

	Strongly agree	Agree	Disagree	Strongly disagree

Conflict is a fact of life, it is:

45. controlled by the intervention of higher authorities, and often fostered by them to maintain their own power.
46. suppressed by reference to rules, procedures, and definitions of responsibilities.
47. resolved through full discussions of the merits of the work issues involved.
48. resolved by open and deep discussions of personal needs and values involved.

Decisions are made by:

49. person with the higher power and authority.
50. person whose job description carries the responsibility.
51. persons with most knowledge and expertise about the problem.
52. persons most personally involved and affected by the outcome.

We should respond to other actors on the global scene as though it were:

53. a competitive jungle in which every organization mostly seeks its own advantage and power.
54. an orderly and rational system, limited by the application of resolutions, and where conflicts are best solved through negotiation and compromise.
55. a complex of imperfect forms and systems which are to be reshaped and improved by the achievements of the organization.
56. a complex of potential threats and support, used and manipulated by the organization as a means of self-nourishment as well as enjoyment and growth of staff members.

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