Does Aid to Institution Development Work? Reflections on Personal Experiences

Ole David Koht Norbye

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Summary

The author has spent close to ten years as advisor to planning organisations in four developing countries: Pakistan, Kenya, the Sudan and Bangladesh. He raises the question whether the work of the advisory teams resulted in lasting improvements in the performance of these organisations. There is no doubt that the professional competence was improved while the team were there, also due to better performance by the counterpart staff. But very frequently successfully trained counterparts move to other organisations, or abroad, and this seriously weakened the impact. On the other hand an increased supply of well educated nationals has contributed to improved professional performance. But support to institution development cannot be expected to have strong short term effects as long as there is scarcity of well qualified national professional personnel.

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The issue

In recent years increasing emphasis has been put on "good governance" as an essential precondition for growth and development in poor countries. Good governance depends primarily on the political situation in each country. If the government in power follows policies which inhibit growth; and if the very legitimacy of the government is disputed with severe disorder, or even civil war as result, no amount or form of foreign development assistance can lead to economic growth and social development. However, many governments clearly demonstrate willingness to undertake actions that will foster development, but the government machinery may be weak and in any case badly adapted to initiate and implement effective measures. This weakness has been fully recognised by the aid donor countries and international organisations from the very beginning of the international efforts to assist the "underdeveloped" or later "developing countries" in their struggle to escape from stagnation and poverty. Support to "institution building" in independent developing countries started more than forty years ago, and the present emphasis on it in Norway and elsewhere is nothing new.

Personally I became involved in such efforts almost forty years ago, and in this essay I will look back on my own experiences in developing countries in Asia and Africa and try to assess whether the challenge was met in a satisfactory manner, and whether the results have justified the costs in terms of both financial and human resources, on the part of the recipient countries as well as the various donor organisation.

In the years 1959 to 1961 I worked in the Planning Commission in Pakistan, as industry adviser but, as member of a team, I also was involved in more general development issues; in 1965 to 1968 in the Ministry of Economic Planning and Development in Kenya as general economic adviser; in 1974 to 1975 in the Planning Commission in the Sudan, as leader of an international team of economic advisers; and finally in 1983 to 1985 in the Planning Commission in Bangladesh as member of a team for reform of the country's trade and industrial policies. In all four cases the donors' intention was to improve the capacity of the host organisations to analyse economic and social problems and opportunities to design policies that should lead to effective implementation and improved performance. In all these cases, on the job training of "counterparts" from the host country was meant to be the way in which these tasks should be carried out.

In all four countries there were teams of advisers from different countries and which consisting of about 6 to 8, up to 15 members. In Pakistan and Kenya a private nongovernmental organisation, the Ford Foundation in the United States, financed the operation, and in the case of Kenya the Foundation was also directly responsible for the management of the team. But in Pakistan the management and professional backstopping was by provided by Harvard University in the form of a Harvard Advisory Group. It was a pioneer effort which later led to the establishment of the present Harvard Institute for International Development (HIID). In the Sudan and Bangladesh, however, it was the international development organisations who financed and provided oversight of the operations. The team in Khartoum in the Sudan was financed by the United Nations Development Programme (UNDP), but the operation was excuted by the World Bank. In Bangladesh the source of finance was an IDA loan by the World Bank to Bangladesh, and the World Bank assigned HIID to manage the team and the programme, but followed the progress of the project closely. In this essay I will concentrate on three issues which I consider the most important: the environment in which the teams were working and the problems facing the respective countries; the way in which the teams operated; and, to the extent possible, I will assess the impact of what was done. These issues will be discussed seperately for each of the four countries, in chronological order.

Pakistan

For me, as for many others who work for the first time in a developing country in an unknown continent, being faced with the realities in Pakistan was to begin with a cultural shock. As tourist I had earlier on only paid brief visits to a few countries in the Middle East, and on arrival in Karachi I found much of the same. In the city centre there were no shops displaying luxuries, nor any luxury hotels, and public buildings were sober. But very soon I discovered that outside the centre this rapidly growing metropolis consisted of vast areas of large and comfortable one family houses surrounded by well kept gardens in sharp contrast to the desert just outside the city limits. In these large areas the residents were not only foreigners but mostly numerous well-to-do Pakistanis, while a very large part of the urban population lived in shacks in slums which have to be seen, and smelt, before someone from a wealthier country can grasp what poverty means in a developing country. I also had the opportunity to visit the very austere but nevertheless properly built dwellings of lower level civil servants. The variations in standards of living between the rich and upper middle classes, the lower middle classes, and the very poor ones were, and still are, depressing to observe for somebody from a country in which such poverty as still exists must look like a very comfortable way of living to the great majority of people in the poorest countries even today. An immediate reaction will inevitably be to ask if wealth and income could not be more equally distributed. But as an economist and statistician who in addition had been working for several years with the compilation and use of national income data, I knew only too well that the wealth of the more well-to-do people only to a limited extent in practice could be redistributed, and that the impact of such a redistribution would not make most destitute people less poor. The only basis on which poverty could be alleviated in a sustainable way, would be through greatly increased production and national income. However, when faced with such striking evidence of misery, I like so many others felt strongly that growth and development from the very beginning would have to be in a form that benefit the people at large, and not only small minorities.

My workplace in the Planning Commission was in a sober building, and the office equipment was spartan, with, at best, only ceiling fans in the offices which made it uncomfortable to work in a city where the temperature often reaches 40 degrees during the better part of the year. Such work environment undoubtedly helps to explain why the performance of most of the staff was slow and often of poor quality. The foreign advisers had the benefit of arriving much better prepared to work after a good sleep in an air-conditioned bedroom! Most of the work in the sections dealing with the different economic and social sectors, such as the industry section to which I was attached, consisted of reviewing proposals for new projects, or reports on ongoing ones. New letters and other documents were put on files which contained all previous documentation on a given subject. This meant that in some cases the official in charge could be faced with several very fat folders. Each case would normally move down to the most junior Planning Officer, and then upwards again to the Chief of the section who would forward his recommendations to the top management. The sense of hierarchy was very strong, and for a foreigner it was interesting to observe that anything that ressembled manual work was avoided by professionals at all levels: an officer would call the "peon" (messenger) to move a file folder from his own desk to that of a colleague for further review, even within the same room. The stenographer who had written what I had dictated, would send the paper by a peon, and had I followed the usual procedure, I would have had to call my peon to take the paper back to the typist with my corrections. However, as a foreigner I did not loose face by walking to the typing pool and talk to my male stenographer directly. These cumbersome work practices clearly slowed down the speed of operations.

The role of a sector adviser was to add his comments and suggestions to those of the junior and senior officials. This was an interesting and challenging task. With the exception of the Chief whom I had as "counterpart" during the last year of my work in Pakistan, the other officers would in most cases only make rather formal observations to the cases under review. Yet, for a considered advice or decision it was absolutely necessary to look into substantive issues. Take the case of project proposals which contained a number of assumptions about the suitablity of proposed location, raw material supplies, access to electricity, natural gas and transport facilities, markets for the products etc. For large projects the proposals were usually supported by beautifully presented reports by consultants, domestic and often foreign. Frequently there was reason to question many of the assumptions made, and if some of them clearly were on the optimistic side, the profitability shown for the project would become very doubtful. It was not always so easy for a foreigner to point out such doubts, as many Pakistanis would consider it as arrogant on the part of people from the industrialised North to question their ability to build competing manufacturing industries of their own.

However, it was possible to refer to other cases, to projects under implementation or which were already under operation which had suffered from severe cost overruns, or were operating well below the installed capacity.

When I arrived in Pakistan the fragile democratic system of the country had broken down and general Ayub was ruling the country with absolute power. The first years of his dictatorship turned out to be more successful than many observers had feared in advance. He gave the Planning Commission an important role. The new Chairman was given the rank of a cabinet minister, and he was a very competent administrator. The Harvard Advisory Group had already been in Pakistan for some years, and a first five year plan document had been written, but had not had a decisive impact on policies and project selection yet. But the Second Five Year Plan, covering the years 1960-65 was expected to become a far more important document which would guide policy actions and administrative decisions, and drafts on the plan were under elaboration. As a sector adviser it was not my role to write a chapter on manufacturing industries, but I tried to fulfil my role as an adviser by presenting a paper which outlined which data had to be used as basis for plans for the different sub-sectors.

In some branches of the manufacturing sector most if not all of the new capacity would be created in the public sector. The Pakistan Industrial Development Corporation (PIDC) had very dynamic leadership and had already built a number of factories in different sectors of the economy (notably jute textiles, cement, fertilisers, pulp and paper, mechanical industries, and sugar), both in West and East Pakistan. The idea behind PIDC was that it had to build factories which would have been too large for the private sector to create, because of lack of capital and experienced management, but when they were in operation, they could eventually be sold to private owners. The new plan would contain lists of projects to be implemented by PIDC. In most branches of manufacturing the new capacity would be created by private firms, but investment in new capacity was subject to government licencing. Hence the plan should contain targets that would set the limits for how many licences should be given.

During my first year in Pakistan the industry section had very weak leadership as it only had an acting chief. I kept on asking my counterparts how they had advanced on preparing draft sections on the different branches of manufacturing, and when nothing had been written three days before the time limit set by the strict Chairman of the Commission, I had only one thing to do: write the chapter myself, on the basis of statistics and other data I had assembled in the meantime. This was all wrong, of course, but it had to be done, and was so in the course of a couple of extremely hectic days at the end of which a couple of the Planning Officers and I myself assisted the clerical staff in assembling and stapling together the required number of stencilled copies early in the morning of the day of the deadline, before I drove them all to their respective quarters, and returned home at 4 AM.

My version of the draft chapter raised a very delicate political issue. West Pakistan was the main producer of raw cotton in undivided India, but when the partition took place on 15th August 1947 what became West Pakistan did not have a single large scale cotton spinning and weaving factory. Such factories were only on the Indian side of the new frontier. Similarily, most of the raw jute in India was grown in what became East Pakistan, but almost all of it was processed into jute fabrics in the area around Calcutta in the Indian state of West Bengal. In the early 1950s the government of Pakistan declared that as from the middle of the 1950s no more cotton textile import would be licenced, and the rich merchants, many of them who had come to West Pakistan from India after partition, managed to build up a large cotton textile industry from scratch in the course of a couple of years. Some cotton mills were also established in East Pakistan. However, the need for industrial expansion was even more urgent in the East and in the West, and my proposal was that the future expansion of cotton manufacturing should take place in the East. My argument was that virtually all developing countries build up their own textile industries as a first step towards industrialisation, and East Pakistan should not be deprived of that opportunity even though the cotton was grown in the West. As regards the development of the jute textile industry in the East, it had mainly been undertaken by PIDC because only a few rich businessmen had settled in the East and were able to create a large export oriented jute manufacturing sector with their own resources.

The newly created cotton textile industry had a capacity that far exceeded the domestic market, and some exports took place. The jute textile industry was from the very beginning created for export in line with the prevailing idea that poor raw material exporting countries should process their raw materials and thus create more income and employment. Both industries had larger capital costs than their competitors, notably in India, and in addition their management and workers had far less experience. In order to make these industries able to export on a profitable basis, around 1960 Pakistan introduced the so-called export voucher scheme for all manufacturing industries. The country was permanently short of foreign currency, exporters had to sell all their foreign exchange earnings to the central bank, and imports were controlled by strict licencing, and foreign goods, both consumer goods, raw materials and capital equipment were in short supply. The scheme that was introduced gave the exporters the right to keep 20 or in most cases 40 per cent of their foreign exchange earnings in the form of vouchers that gave them the automatic right to import goods that were subjected to a less stringent import control procedure. These included a number of consumer goods, raw materials, spare parts and even machinery and equipment. The exporters did not need to use the vouchers themselves, but could sell them to other importers of goods, and an organised market developed for export bonus vouchers, that initially were sold at 150 to 175 per cent of their face value. An exporter with 40 per cent export bonus entitlement therefore earned 60-75 per cent extra on the top of the sales price. This lead to a very significant expansion of exports from several manufacturing industries, and improved the profitability of the cotton and jute textile industries dramatically.

I have not found any documentation that indicates who succeeded to persuade the government to introduce this scheme that helped Pakistan to surpass the targets in the plan period 1960-65, but I was not personally involved. However, my work with the draft chapter for the various manufacturing industries had made me realise that attempts to set production and capacity targets for individual industries had to be based on far more analytical work than was done at that time. In the case of the so-called import substitution industries, targets were set on the basis of actual imports plus assumed surpressed demand because of import restrictions, to which was added projected increase in demand, and, in fact, most of these data were pure "guesstimates".

While still in Pakistan, I started to collect data that could be used to establish an input-output table which could provide more consistent projections of the demand for final and well as intermediate goods. In connection with the publication of the Second Five Year Plan, the Planning Commission also published a Perspective Plan for the period 1960-85, presenting many over-optimistic targets.

When I returned to Norway in 1961, I became member of a research team in the Chr. Michel-sen Institute, financed at that time by the Rockefeller Foundation, and I therefore had the opportunity to analyse the data further, using an input-output framework as analytical tool.[1] My study led to two important conclusions: first the high growth targets at the end of the period were probably far too optimistic, and second, it would not be possible, as the Perspective Plan had projected, to close the gap in per capita income between East and West Pakistan during that period.

On the latter point, while still in Pakistan, I had made a study of the regional incomes of the two provinces of Pakistan and produced a paper which showed that the income per capita in East Pakistan was considerably lower than in the West, and that the gap was growing. I distributed that paper within the Planning Commission, and many years later a senior official in Pakistan, who worked in the Planning Commission when the paper was distributed, told me that the Chairman had been furious when he received the paper, and had issued an order that all copies of it should be destroyed. This illustrates how difficult the relations between the two "wings" of Pakistan had become already at the beginning of the 1960s.

[1] The results were published in Ole David Koht Norbye, *Development prospects of Pakistan*, Universitetsforlaget, Oslo, 1968.

The Harvard Advisory Group in Pakistan at that period was quite large, with 7-8 advisers in Karachi and two each in the provincial capitals Lahore in the West and Dacca in the East. The team, while mostly including US nationals, also had several non-American members. Most of us were economists, but the team also had several non-economists; a sociologist had just left when I joined the team, and the housing sector was advised by an architect. It was much up to the individual adviser to plan their work, and to a large extent the work was decided by the issues that their respetive counterparts had to deal with. The relationship between the advisers and their counterparts was very friendly, and resulted in several life long friendships. The team members had regular meetings between themselves in which current issues were discussed. From the summer of 1960 the team had a very dynamic and imaginative team who held frequent meetings to discuss in depth his own ideas which were aimed at speeding up development, notably by asking for more food aid to be used for rural development programmes in particular. In so doing he acted more as a policy adviser than as an institution builder, but the role of the team members remained the strengthening of the analytical and managerial competence of the host country's own staff.

It is difficult to assess if the team members succeeded to do so in the short run. My own main counterpart was a thoughtful and hard working elderly civil servant who relied on his judgment and experience, but who appreciated my own attempts to develop analytical work. A young, bright economist from East Pakistan also joined the section, as Deputy Chief, while I was there. He had no practical experience, and he later left for further studies in England, and after a period of work in the independent Bangladesh, he eventually ended up as international civil servant in the United Nations. The other Deputy Chief, who was acting when I arrived, was engineer and had very rarely any substantive observations to make to matters that he dealt with. (He apparently later went to West Africa as UN financed industrial adviser.) I doubt if the junior staff really benefited much from my presence in the section although I had very good working relations with them.

There were other intellectually lively people in the Planning Commission at that time, notably Mahbub-ul-Haq who later had a brilliant career in the World Bank, as Minister for Finance and Planning in Pakistan, and then in the UNDP where he created the annual Human Development Report. He certainly absorbed very well the ideas and experiences of his foreign counterparts, but as he left the Planning Commission rather soon, it did not contribute to the strengthening of the institution itself. In short, when I look back on what happened, I find that too many of the "best and the brightest" left their institution for other challenges, and that many of the analytical efforts of the advisers may not have survived their departure. The quality of the work in the Planning Commission in Pakistan has certainly improved over time, notably due to the arrival of better educated younger people. I had the opportunity to visit the Planning Commission in Islamabad more than 15 years later, then installed in modern, comfortable premises in Pakistan's new capital, and the documentation published was clearly of a better quality than earlier. However, when in the 1980s I came to work with the Planning Commission in Bangladesh, I was a bit disturbed by finding that much of the work in the sector sections was conducted more or less as in Karachi 25 years earlier. There was some interesting analytical work going on, either undertaken by foreign professionals or by single individuals, but as an institution it was still characterised more by routine procedures than by analytical work.

Upon my arrival in Pakistan I was faced by an important problem: should I try to learn Urdu? For several reasons the answer was no. In a two year assignment one will hardly learn enough to be able to use the language until it was time to leave; in Pakistan the problem also was that people from East Pakistan do not generally understand Urdu; they speak Bengali; and finally English was the working language. It is, of course, agreeable to be able to speak to ordinary people, but the results of the efforts of somebody who has not a great talent for learning a foreign tongue do not justify the time unavoidably taking away from the professional pursuits. It is one thing I remember which I later learned to appreciate highly. When I arrived in Karachi, I was met by the team's administrative officer who told me that I was too well paid to use my time on practical matters, and instead I should concentrate on my professional job. Practical problems should be left to him and his office! In later assignments I learned fully to appreciate this: far too much time was then used to find housing, clear goods through custom, find workmen to repair things that were out of order etc. Another very good side of my first assignment was that I was allowed to travel frequently and exstensively in both provinces of Pakistan. In the provincial capitals we stayed with our team colleagues there and thus got a better insight in what happened at the provincial level. Most of these travels was paid by the Advisory Group itself, but there were occasions when I accompanied my counterpart of field trips as well. Such travelling is essential for a foreigner in order to better appreciate the situation in the country in which he is working. In particular I remember the fascinating experience of visits to a great variety of small industrial workshops which turned out the most incredible products under very primitive conditions. It was obviously very important to observe rural conditions more closely; particularly since at that time the great majority of people lived in purely rural areas.

Kenya

With impressions from Pakistan still in fresh memory it was a bit of a culture shock to arrive in 1965 in Kenya's capital Nairobi. It was then a middle-sized, pleasant, well built modern city with fine hotels, luxury shops, even a super market, beautiful parks and excellent streets. The slum areas were at that time not large, but underneath the almost European surface there was a social structure of the same kind as in other poor developing countries: a small, very prosperous minority who enjoyed all kinds of modern comfort; a relative small lower middle class of shopkeepers, artisans, qualified manual workers and lower level civil servants who lived in austere, but decent conditions; and the large majority of the rural people, and casual or "informal sector" workers and new migrants in the towns. Measured in terms of national income per capita Kenya was as poor as Pakistan, but it did not give the visitor the same impression of deep and hopeless poverty. But basically the problems were the same in both countries.

When I arrived in Kenya it had not yet celebrated its second anniversary of independence. Kenya had been one of the pearls of the British Empire. Its pleasant climate had led to a significant immigration of Europeans who had arranged to build an administrative and physical infrastructure that resembled that of the mother country. During the Mau Mau uprising some few years before independence in 1963 the Kikuyu leader Kenyatta had been looked upon as the devil himself by the European settlers; as President he suddenly enjoyed the confidence of almost everybody. One old Norwegian coffee farmer told me that he considered that they now had one of the best governments in the world. Once more I had the privilege of working in a country with "good governance".

Working and living conditions in Kenya were excellent. The climate is very good, no air conditioning was needed in offices that were located in well built and maintained government buildings, comfortable houses surrounded by gardens were available at reasonable prices, and shops had plenty of all kinds of goods a European from a well-to-do country needed or wanted to buy. No need for private imports, with the associated hassle to have them cleared through custom.

When I arrived in September 1965, a team from the Ford Foundation had already worked for some time in the Ministry of Economic Planning and Development (MEPD). The Foundation had a well staffed office in Nairobi, headed by a series of highly competent persons, who directly managed the team and provided such logistic support as was needed: finding houses and providing furniture, supplying the advisers with cars etc. An American professor, Ed Edwards, who had been economic adviser but had left shortly before my arrival, had had a particularly strong influence on the Minister, Tom Mboya who himself was a remarkable intelligent, competent and dynamic personality. As he belonged to the Luo tribe, which at that time represented the principal challenge to the supremacy of the Kikuyus, he had many enemies, and his competence and thorough knowledge of practically all matters discussed in the cabinet, did not make him more popular amongst his colleagues. (He was assasinated in 1969.) He and his adviser wrote in 1965 the famous "Sessional Paper no. 10 - 1965: African socialism and its application to planning in Kenya". It argued in favour of a mixed economy, clearly influenced by both United States "liberal" and European social democratic ideas. It was from the very beginning derided by radical intellectuals, both Kenyans and foreign, and became even more controversial when President Nyerere in Tanzania in the Arusha Declaration of 1967 outlined the more radical "real" road to African Socialism.

The Ministry of Economic Planning and Development was a new ministry and, with the exception of the then Statistics Devision, it was staffed only by Kenyans, mostly Africans and a few Asians (after the partition of India, Indian immigrants in East Africa were referred to as Asians). The ministry was under staffed, and the advisers, not only from Ford Foundation, but from United Kingdom and France as well, had to do their full share of the day to day work. But we all had Kenyan colleagues who also were our "counterparts". My principal counterpart during the first couple of years was the Chief Planning Officer, the late Philip Ndegwa, later one of Africa's most influential economists, who subsequently held several top positions in Kenya (Permanent Secretary; Governor of Bank of Kenya). In many of the older ministries the top management was still in the hands of British civil servants, but the process of "Africanisation" was rapid, and most Permanent Secretaries and other top officials had been replaced by Kenyans when I left the country at the end of 1968. In a few cases former British officials remained in the ministry for some time as advisers.Towards the end of my stay I was assigned to work on plan implementation, a very interesting task which requested field trips with colleagues in the implementation section, and at times also the Assistant Minister. As part of their training some Kenyan officers were sent abroad for further studies, in at least one case, leaving the adviser without a counterpart.

Kenya is a good example of the inherent rivalry between a powerful Ministry of Finance and a government body in charge of overall planning. In Kenya the MEPD was entitled to participate in the shaping of the annual **development** budget, whereas the Ministry of Finance had full control over the **recurrent** income and expenditure budget. A multiyear plan designed by the MEPD (and subsequently approved by the government) would include planned development expenditure by year, but its implementation would depend on the **size** of the annual development budgets, which initially would be decided by the Ministry of Finance. The MEPD had to fight with the Ministry of Finance to get enough funds in the development budget to implement the plan. It was a difficult task as the civil servants in the Ministry of Finance were very prudent and conservative. Even the very strong Minister of Economic Planning and Development, supported by analytic work done by his ministry, did not always succeed. Also as regards the release of money under the approved budget, the Ministry of Finance exercised a strong influence. However, in the course of the late 1960s mutual respect and cooperation between the two key ministries increased considerably.

In the first year of my stay as economic adviser it became my principal task to help put together and draft parts of the country's first Development Plan 1966-70. A key issue was the growth of the national income that could be assumed for the plan period, not only because of its impact on the wellbeing of people, but also because it would be the basis for the mobilisation of domestic resources for the development effort. Professor Edwards had proposed a relatively modest growth target, and in a short repeat visit to Kenya he insisted that this should not be set higher. However, as a national income statistician I was myself not convinced and had lengthy discussions with a very competent Kenyan officer in charge of national income estimation in the Statistics Division. From our review of the growth potential for sectors other than agriculture and manufacturing we concluded that the target could be raised. (In fact, the growth during the five year plan period exceeded also the higher target.)[2] In the MEPD the responsibility for estimating government revenues was in charge of a competent Kenyan (not supported by any foreign adviser) who produced relevant analytical work.

It was easier to formulate a consistent development plan in Kenya than it had been in Pakistan. The availability of data was better and more reliable. But agriculture represented a crucial but somewhat unpredictable factor. Modern market oriented farming had been established in Kenya by mostly European immigrants on large farms, plantation estates and ranches. Only towards the end of British rule were African smallholders permitted to grow export crops, notably coffee. The foreign settlers had taken land which seemed to them not to be used by the native population, but at independence population pressure in some areas, notably the Kikuyu districts north of Nairobi, had become very heavy, and a large area of settler farms was expropriated and allocated to African farmers. Initially, the newcomers could not farm the land as efficiently as the settlers had been able to, and the future growth of farm production was considered as uncertain. Later developments have been favourable, however. As regards manufacturing the modern industries were owned by European and Asian immigrants and some foreign firms, and its further expansion was mainly to take place in the private sector. A critical issue was the development of the transport network. The railways were the backbone of the transport network, and donors insisted that it should continue to be so and would help to improve their efficiency. The donors refused to help finance an all year motorable road between Nairobi and the port city Mombasa, but the government went ahead and financed it by its own resources, a decision which proved to be sound. It is not always wise by a developing country to be led by foreign advice and pressure.

The existing transport network mainly served areas in the "highlands" in which foreign immigrants had settled. During the last year of my assignment in Kenya I also visited areas mainly inhabited by the original population, and travels to such places were uncomfortable and dusty in dry weather and became very hazardous when it was raining! Almost ten years later I revisited some of the same areas which then were served by excellent hard surface roads, and it was remarkable to observe how the economic and social conditions had changed during such a short period.

2 The management of the Statistics Division expressed interest in supplementing the existing national income estimates with an input-output matrix which *inter alia* would better assure that the estimates were internally consistent. Work on such an input-output matrix was started shortly after the end of my stay in Kenya, with researchers from Chr. Michelsen Institute undertaking much of the work.

The government sought to ensure that the local communities themselves could take part in determining projects to which central governments funds would be allocated to the different rural areas. Various types of development bodies were established at provincial and district levels, and provincial planning officers were posted in several of the 8 provinces. They should also serve as secretaries in meetings of the respective district bodies. These first attempts to ensure some planning from below turned out to be rather inefficient. Lists of desired projects were produced, but it was virtually impossible to establish lists of priorities. The system also involved bureaucratic problems. Provincial governors and district commissioners and their staff depended on the President's office; the various ministries had their own professional officers in the provincial headquarters, and many of them were also represented at the district level. They all guarded their territory jealously, and the role of the provincial planning officer, who depended on the MEPD, was difficult, particularly as his role as coordinator could also conflict with the role of the President's Office's representatives in the field. This problem was still present when the country study of Kenya was carried out in 1987.[3] There was very little the Assistant Minister for Economic Planning and Development and his officers could do to resolve these problems during their inspection visits to meetings of provincial and district development bodies. Work in the MEPD on plan implementation mostly involved an examination of reasons for delays in plan implementation: whether they were caused by constraints of a nature that affected all projects, or were caused by particular weaknesses in the specific projects. My task included systematic work on drawing lessons from failures.

Already in the 1960s it was evident that Kenya faced serious problems as regards employment, education and rural development. The Kenya Council of Christian Churches had rung a warning bell in a report which asked what would happen to young people after school. It was no longer the case that primary school education alone would open doors to employment. The people in many places in Kenya sought to meet the challenge on their own by building *Harambee* secondary schools, but these had eventually to be supported by teaching staff and money. In 1966 a conference on education, employment and rural development was held in Kericho in the highlands and, inspired by the experience in Pakistan, I delivered a paper on long term employment prospects and the need for large scale rural works programmes.[4] In it I argued that in addition to work in agriculture, in the modern sector, and various types of self-employment, it would be necessary to mobilise people for work to improve conditions in rural areas. Such work had been financed by food aid in Pakistan, but I maintained that donor agencies and

3 The Chr. Michelsen Institute, *Kenya Country Study and Norwegian Aid Review*, p.139, Bergen 1987.

4 Published in James R. Sheffield (ed), *Education, Employment and Rural Development*, pp 239-266, East African Publishing House, Nairobi, 1967.

countries should provide money for such work: food aid should only be used if there was a definite deficit in local food production.

From my own point of view my 3 1/3 years in Kenya certainly was the best period of my life as adviser. It was not only a pleasant and easy place to live for a family with small children, but it was also the period in which I felt that I had been able to contribute most useful professional work. Moreover, it was easy to be on informal, friendly terms with my Kenyan colleagues. Shortly after independence the Kenyan professional staff, in particular the senior officers, were reasonably well paid by Norwegian domestic standards, and even if foreign advisers in Kenya were better off, we never-theless were on a roughly equal footing. The crucial question, however, is whether the presence of foreign advisers resulted in making the MEPD a more efficient organisation in the longer run. I am confident that we did, even though also in this case we were faced with the familiar problem: not all staff members who worked with the advisers in MEPD remained in that ministry. In this case, however, many of them served there for a long period: two of them became Permanant Secretaries before they moved on to other challenges. Only one of my former senior counterparts ended up in an international organisation.

A planning organisation has to have a strong capacity to undertake analytical work. At the same time it also has bureaucratic functions to conduct, and the danger is that this role will become predominant. Ideally even the bureaucratic function of approving programmes and projects or reviewing progress reports should be based on analytic work. In fact, this is frequently not done: Too often decisions will be based on judgments flavoured by a variety of "pragmatic" considerations; these can vary from what is considered "politically feasible" to purely practical assessments of what is thought to be within reach in existing circumstances. My tentative view is that advisory services to an organisation that is supposed to do more than merely routine operations, can improve its performance in the short run, but the long term effect will be uncertain, depending very much on individual staff members attitudes and abilities, and therefore largely on a general improvement of the educational background of the staff. Fortunately, in many developing countries the supply of well trained and motivated young people is increasing rapidly. If such people are employed by an organisation, its performance will improve, independently of technical assistance from abroad. At the same time, however, an organisation that is staffed with well educated, promising people can profit much more from technical assistance by experienced people, specialists as well as "generalists" than can a poorly staffed organisation! Institution building can not be achieved by foreign aid, but it can undoubtedly be aided under favourable circumstances.

I will take the opportunity to add some remarks on Norwegian technical assistance through NORAD which happened to begin in Kenya in the middle of the 1960s. The very first case was one expert was posted in Kenya in 1963 as director of the statistical services of the East African Common Services Organisation (EACSO). When I arrived he had managed to make himself redundant by identifying two very competent East African citizens who were promoted to Director and Deputy Director respectively. It was an example of how technical assistance ought to work; he himself stayed on as adviser for some time afterwards. In 1965 and shortly afterwards NORAD sent a large number of professionals to Kenya, but most of them had another task to perform: fill various posts for which qualified Kenyans or East Africans were not yet available in sufficient numbers, such as road engineers, secondary school teachers, architects and workshop supervisors in the East African Railways. This kind of "stop gap" technical assistance worked very well as a means to make viable institutions continue to operate efficiently in a difficult transitory period. There were also Norwegian technical experts who worked in advisory positions, notably the consultants who served as members of the Nordic advisory team to the cooperative movement. Their achievements are more difficult to measure, but there can be no doubt about their competence; two of them are today members of the Norwegian Parliament, and one is, in fact, the Speaker. But the success of a cooperative movement operating in rural areas depends on a vast number of elected officials and paid staff, and an evaluation undertaken in the 1970s cast some doubt on whether it in Kenya served the interests of the poorer farmers adequately.[5] No amount of technical assistance can prevent institutions from becoming the tools of the most powerful people, nationally or in local communities.

The Sudan

In advance I was somewhat worried about taking on an assignment in the Sudan, as I had heard that it was difficult to work in that country. But when I went there late in 1973 in order to be interviewed by the Sudanese authorities, I became rather encouraged. The reception was very friendly, although my designated senior counterpart warned me that I should not expect hard work from my Sudanese colleagues: the persistent heat was not a favourable environment for strong efforts. Another encouraging part during this exploratory visit was a field trip to the famous Gezira Scheme, a large cotton producing irrigated area between the Blue and the White Nile which was developed under British rule in the 1920s. It was still run in an authoritarian manner which compelled the farmers to follow cropping patterns, plantation time etc. laid down by management.

The political environment at the time was promising. Admittedly the Sudan was once more under military rule after the revolution of 1969 that brought general Nimeiry into power, but his great achievement had been the Addis Ababa

[5] Faaland, Just and Eirik G. Jansen, The Role of Cooperatives in Rural Development in Kenya, *Eastern Africa Journal of Rural Development*, vol. 12, no. 1-2, pp. 85-106, Kampala, Uganda, 1979.

Agreement of 1972 which brought the civil war to an end and gave the three Southern provinces an autonomous government. The country was governed by a single party presidential system with Nimeiry as President. There was an elected assembly, but all candidates had to be approved by the Sudanese Socialist Union which had been established as a mass political party. However, the atmosphere in the country during these first years of Nimeiry's rule was relaxed and optimisic. The political situation appeared to be stable, and in some respects the Sudan enjoyed reasonably "good governance" in most of the 1970s.

My role was to lead a UNDP financed advisory team. The management of the team was in the hands of the World Bank. As adviser, and in particular as team leader, I was faced with a practical situation quite different from the ones I had experienced in Pakistan and Kenya. The administrative support to the project was minimal and was provided by the UNDP office. We had to find our own houses and buy our own vehicles, furniture, household equipment etc, and it also involved frequent clearing of imported items through customs. There was a great scarcity of consumer goods; however, as in Pakistan foreign technical assistance personnel had the privilege to import goods. This eventually took the form of the right to buy goods in a government corporation that operated a tax free shop at the airport, one of the few, maybe the only one, of the government owned enterprises that operated with a surplus. These practical problems took an inordinate amount of time even though I eventually got a competent administrative assistant.

The advisory team consisted mainly of more experienced people than the young and dynamic advisers I had worked with in Pakistan and Kenya, and included several professionals from developing countries. I soon discovered that the World Bank's supervisor of the project had quite different ideas than I had about how the team should operate. In my opinion the team members' principal task was to assist and guide our counterparts in work assigned to them at any time, and, of course, advisers should also initiate longer term work that would improve the professional performance in the sections to which they were attached. The World Bank's idea was different. We were instructed to establish work plans for our respective counterpart sections and then concentrate on implementing these plans. The weakness of this approach was simply that the counterpart staff in many cases showed no interest in carrying out the required enquiries, analyses etc.; some times they did not even have the competence to do such work. Plans were prepared, but as long as I was in Khartoum only in one section was part of the plans implemented, and this only because the adviser in charge managed to find some extra money to finance the proposed study (which was traffic counts on some major road connections in the Sudan, to establish the need for improvements of the roads).

Also in another respect the World Bank's perception of the role of the planning team differed from my own understanding of the job. It was not clearly said, but certainly implicit, that the team should seek to influence crucial policy decisions.

For me the challenge was to improve the professional work in the organisation so that it could produce an analytical basis for decisions on policy and changes in policy. That would require patience, as considerable time would be neded for the planning organisation to build up the required analytic capacity. The World Bank was far more impatient. As a consequence, after one and a half year I was informed by the Bank that, as I did not seem to have sufficient direct influence on senior decision makers, I would be replaced by a senior, retired Pakistani civil servant who might better exercise such influence. (It so happened that I was back in the Sudan four years later when a British economist was leading the team, and his approach was much the same as mine.) One reason why neither the World Bank's Resident Representative nor a planning team managed by the World Bank could exercise any real influence on policies in the Sudan at that time was simply that the World Bank's own leverage was at an absolute minimum. This was shortly after the oil crisis of 1973 which led to very large surpluses of foreign exchange for the OPEC countries. While the World Bank was involved in lengthy negotiations with the Democratic Republic of the Sudan about the conditions of a loan of the order of USD 15-20 million, Saudi Arabia underwrote a loan of USD 200 million to the Sudan.

The team was attached to the National Planning Commission which was installed in a splendid looking old government building near the Blue Nile. Large offices with high ceilings were reasonably comfortable in the oppressive heat in Khartoum. The much cheaper alternative to modern air-conditioning, air coolers (which blow in humid air and are very efficient except when the air humidity occasionally happens to be high) made working conditions bearable. But in other respects the working environment was very difficult. The main reason was that by then Arabic was the working language and therefore very little new documentation was available in English. I realised that this was a problem, and particularly during the first half year of my stay, I studied Arabic rather intensively, but the particularities of the Arabic script are such that one has to know Arabic well before one can manage to read it! I was never anywhere near to getting that far. It meant that I myself and most of my colleagues could never review documents directly, but depended on oral communication with our counterparts. It had been intended to provide us with translations of documents of interest, but as far as I remember, it never happened. Most of the team members therefore had to work a good deal on their own, on the basis of whatever material that still existed in English.

The team was also very isolated from the top management of the Planning Commission. Some months after our arrival, a general was appointed as its head, and my colleagues wanted, of course, to be introduced to him, and discuss matters with him. It took me many months before he granted an audience to us all - and then once only.

There was a five year plan for the Sudan, for the years 1970/71 to 1974/75, which had been prolonged by two years. In addition there was a Phased Programme of Action that had been published by the ruling party in 1972. The five year plan had been prepared by a group of experts from the Soviet Union, and was, in fact, a very modest and rather conventional document, that mainly contained an unpretentious list of development projects. Yet, the growth target was unrealistically high. The Soviet Union had installed some particularly unsuccessful manufacturing enterprises in the country, the worst of which was probably a tomato tinning factory in Wau, in the south western corner of the country, at the end of a long and unreliable railway. There was not, by far, enough raw materials, so the factory depended on tomato paste imported in barrels from Bulgaria; and then the product had to be transported back to the principal markets in Khartoum by rail.

The road system in the Sudan in the mid 1970s was highly primitive: the only hardfaced road far out of the capital went to Wad Medani in the Gezira Scheme area some couple of hundred kilometres south of Khartoum. The plan envisaged improvements in the existing railway system, and the river transport on the White Nile from Kosti south of Khartoum to Juba in the very south of the country. However, the need for improvements in the road system was overwhelming, and many new road projects were under consideration, outside the framework of the existing five year plan. It should be remembered that the Sudan is the largest country of Africa with its 2.5 million square kilometres.

At that time great hopes were expressed in making the Sudan "the bread basket of the Arab world". The reason for this optimism was that it had been possible to grow large quantities of sorghum, in particular by mechanised farming in dry areas. Also groundnut production and exports had been expanded very rapidly. Such developments had to be supported by better transport infrastructure.

The implementation of the plan had fallen far short of the targets. The plan assumed that development expenditure should increase from S£ 36 million in 1970/71 to S£ 45 million in 1974/75 (in 1969-prices). However, development budget *allocations* had virtually exploded, to S£ 115 million in 1973/74 and S£ 194 million in 1974/75. Yet, until 1974/75 actual expenditure did not increase, but may even have fallen in real terms, and as a result actual development expenditure fell from 71 per cent of the approved budget in the first year to 36 per cent in the year 1973/74.

The development budget was available in English, but the monthly accounts were available only in Arabic, but as I was able to read the numbers, I analysed the most recent data for 1974/75 and found that actual development expenditure were almost twice as high as the year before. It was clear that the expenditure side did no longer bear any relation to availability of resources for development. I therefore wrote a paper in which I pointed out the danger that the government would not be able to finance its actual development expenditure and that it was meaningless to continue with the so-called "umbrella budget" which the Ministry of Finance called it to explain why the budget exceeded the prospective resources. It was, of course, a very good thing that the Sudan finally increased its development efforts, but it was no longer possible to assume that the projects included in the development budget would be delayed to such an extent that financing would be no problem. The warning was not listened to, and the next development budget was planned at even higher levels. While the Sudan did not face an immediate financing problem because of the large foreign loans guaranteed by the oil-rich Arab nations, the country very soon was in a very deep debt crisis. In this case our team did indeed offer clear policy advice. The reason why our advice was not heeded, was certainly not that the Minister for Finance and the President did not understand the problem; it reflected more the fact that the political situation was much less stable than it appeared to be. As one observer expressed it: the President is unable to say no to his "barons", whose demands for budget allocations were not effectively resisted.

My other main professional preoccupation concerned the national income estimates. They were in a fairly poor shape, and some effort was done to obtain the services of a national income expert then based in Addis Ababa, but it did not materialise. Instead I reviewed the estimates myself. It became clear to me that the growth in agriculture had been seriously underestimated, as they did not reflect the large increase in the output of important crops. Revised estimates showed that the national income had grown at a satisfactory overall rate during the last few years. These revisions became very useful when I became involved in the ILO/UNDP Employment Mission 1975 to the Sudan which hap-pened to be headed by Just Faaland from the Chr. Michelsen Institute. While he tried to have me as an official member of that mission, the World Bank only allowed me to participate informally, and effectively I could took full part in the mission's work. For me this was a very valuable experience. When in late 1973 I accepted the assignment as adviser in the planning team, it had been understood that I would travel around in the country with Sudanese colleagues from the Planning Commission. This never happened, and put me in a very different situation from what I had enjoyed in Pakistan and Kenya. However, the ILO employment mission travelled extensively and I was able to travel with them. The mission's work had been well prepared by a three person team employed by the ILO to provide the mission with necessary statistics and other information, and my own work on the national income data thus supplemented other basic information.

There is no doubt that I myself and my team colleagues in the National Planning Commission contributed to throw more light on various aspects of the Sudan's development problems. We did not, however, contribute much to the strengthening of the Planning Commission as an institution. The language barrier is one reason for this. Our counterparts spoke excellent English so there was no problem of oral communication, but we never really worked together in the way I had been used to during my previous assignments. In fact, I hardly ever was able to find out precisely what my counterparts actually worked on. My Arabic speaking colleagues in the advisory team, however, could manage to establish closer relationships.

Later developments in the Sudan show that economic policies remained very weak; thus the National Planning Commission did not manage to influence such policies in an effective manner. However, it has also to be remembered that the Nimeiry regime gradually became weaker and eventually was ousted from power. A promising period of relatively "good governance" in many fields ended rather quickly. Even a strong institution, if it can be established, is of little help if the very legitimacy of the government is undermined.

Bangladesh

For twenty years, from 1963 to 1983 when I came back to Dhaka, I had not visited the former East Pakistan that in the meantime had become the People's Republic of Bangladesh. Dacca 20 years earlier had been a sleepy, provincial town with a small modern business district between the government Secretariat and a fine park area on one side and the bustling old town on the other. From the old airport a narrow road went towards town, past Farm Gate where a road took off to the Jute Research Institute's farm, to the new, fashionable housing area Dhanmandi with its spacious but plain houses surrounded by gardens with young trees which brightened up an otherwise barren area. This time it was a shock to come back to a place I knew from before. A four-lane highway led to the city from the new airport twelve miles from the city centre, and it passed large, new housing areas for the wealthier inhabitants, before we reached densely built up areas well before arriving at the old airport, and found that Farm Gate had become one of the worst traffic bottlenecks amongst very many. The business district was greatly expanded, with many skyscrapers. The only really familiar feature was the tens of thousands bicycle rickshaws which still are the means of transportation for most people. The signs of development were overwhelmingly visible. But what kind of development? Nature had played its part: the older houses in Dhanmandi showed signs of decay due to the humid and hot climate, but this was compensated by the lush vegetation that had turned the area into a pleasant residential district close to the city centre. A sizeable well-to-do middle class lived there and in the large, new subburbs. Many of them were professionals, self-employed or in senior government positions, but for most of them their source of income was import and retail trade and manufacturing which were lucrative businesses for those who obtained government licences to import, or high tariffs and import bans which made many branches of manufacturing profitable. Rent-seeking was a major source of income. When I later visited rural areas, I found a mixed picture; many of them had benefited from new roads, and some even had electricity. The Green Revolution had led to higher production and income in many areas, but the resources had to be shared by twice as many people as two decades earlier, and rural poverty was probably more widespread than before.

The principal objective of the team of advisers which I joined was to reform trade and industrial policies in Bangladesh so that improved performance through higher productivity and production of better quality goods would be promoted at the expense of rent seeking through influencing government officials to obtain licences to import goods or to establish well protected import substitution industries. The Trade and Industrial Policy Reform Programme (TIP) was established as a condition for one of the Bank's large loans to finance commodity import which was given on the assumption that Bangladesh would adjust its economic structure. TIP was itself financed by an IDA loan from the Bank, which regularly sent missions to Bangladesh to assess if the programme was progressing satisfactorily. However, the execution of TIP was assigned to Harvard Institute for International Development which also provided professional backstopping by visiting staff from its headquarters. The team was organised in several units which were located in the Planning Commission, the Tariff Commission, the Ministry of Industries, and in a para-statal organisation, the Investment Advisory Centre of Bangladesh. Part of the management and professional backstopping of the unit who worked in the Investment Advisory Centre was sub-contracted to a large US consultancy firm, Arthur D. Little, and its three members were consultants with different background whose task was to promote new industrial activities on the basis of the findings of the rest of the team of economists. This turned out to be a weakness of the operation, as those team members for the first couple of years had to wait for the results of ongoing studies undertaken elsewhere, and, in fact, they ended up undertaking some studies of this kind themselves.

The unit in charge of the overall management and guidance of TIP was located in the Planning Commission. All units included also several locally employed Bangladeshi highly qualified and experienced professionals as well as support staff. The international team had only budget for a single Bangladeshi secretary cum typist, and the team members paid themselves for the services of a person, popularly called Mr. Fix It, who assisted them in obtaining necessary documents from various government agencies etc. The team itself had to find housing, furniture, personal cars etc. without support from the project. Some of the local professionals had been seconded from other government jobs; others were employed for the project. These professionals had to look for future job opportunities as they had no guarantee to be given other government jobs, preferably involving continued work as in TIP. This in itself seriously weakened the institution building side of the programme. Moreover, in the project document it was assumed that there would be close cooperation between the project and the permanent professional staff in the host organisations. It was even expected that some of those staff members would take direct part in the research and studies undertaken by TIP. This did not at all happen in the Planning Commission. Of course, the TIP staff consulted regularly and frequently the professional and top management staff of the several industries sections in the Commission, but these staff members were so occupied with their ordinary work that it was practially impossible to get any comments on our work. In the Tariff Commission the top management followed closely the work of the TIP unit stationed there, as its recommendations would have a significant impact on their own decision making, but also there the involvement of the regular professional staff appears to have been minimal.

Two of the units, in the Planning Commission and the Tariff Commission, were charged with studies of the performance of all manufacturing industries in the country. The method used was to estimate the Effective Rate of Protection and the Domestic Resources Costs of the different industries. I was lead adviser in the Planning and Project Identification Unit in the Planning Commission, which on the basis of these studies, should recommend the choice of industries for promotion and suggest appropriate incentives. The task of studying individual industries was shared between the TIP units in the two Commissions, and the two units discussed the progress of the various studies at different stages of implementation. The basic results were similar in both sets of studies, but the unit in the Tariff Commission would draw conclusions as regards an appropriate level of protection. One unit in the Ministry of Industries worked on the impact of fiscal measures on industrial development, and another unit on analysing industrial statistics with the purpose to achieve an overall picture of the structure of manufacturing in Bangladesh.

The studies of effective protection etc. were in the end mainly built on extensive interviews with a number of firms in the various sub-sectors. We were supplied with the accounts of most of the firms interviewed, and in the case of the state owned enterprises the different corporations that controlled the individual enterprises in the several industries, provided us with data for all firms. This materal was evidently very valuable; yet it was not always possible to extract all the information needed for the rather sophisticated analytical method that had been chosen.

When the work programme for TIP had been formulated, it was assumed that the results of the latest Census of Manufacturing Industries (CMI) would be available. This was not the case, and only after much pressure did we receive computer printouts of the CMI 1980/81. In going through these, I found many surprising figures, and I spent long time scrutinising all the data, and ended up writing a long paper that pointed out numerous errors, some of which were of such a magnitude that they falsified the overall picture completely. The outcome was that we never, as long as I was there, received the results of the CMI 1980/81. However, we later received the printouts of the CMI 1981/82 which was of a much better quality, and which I used for some analytical work, including a study of the financial flows in the manufacturing industries.

The adviser on statistics who worked in the Ministry of Industry produced some excellent papers on the industrial structure of the country, material which I used extensively, but also supplemented by analysing a country wide survey of the cottage industry which then accounted for more than one third of employment in manufacturing. The monthly index of manufacturing had become increasingly meaningless: as most industries had been nationalised shortly after independence, government owned industries only were systematically included in the index, but gradually more private industries had been developed, and their growth was not accounted for. An example was the frozen fish industry for which the index showed falling output, while exports of such products rose rapidly. The most important example was that the rapid growth of the garment industry was not reflected at all in the index. I therefore calculated an adjusted index, and in my free time I wrote several papers on industrial strategies etc. on the basis of this analysis.[6]

Each individual industry study required considerable time, as the collection of data was based on a large number of interviews. I, alone or in cooperation with colleagues, made studies of the cotton spinning industry, the role of jute in Bangladesh's economy, the specialised yarn (rayon, nylon and silk) industries, the basic industrial chemicals industries, and the metal working industries. The conclusions drawn from those and the other studies were not encouraging. The Effective Rate of Protection (ERP) is a way of measuring the importance of the nominal custom duty in relation to the *value added* created by the industry. ERP was expressed as the ratio of the *assisted* value added (viz. the actual value added) to the *unassisted* value added. To find the latter the major adjustment done was to reduce the income from sales by the difference between the domestic sales price and the "border price" of the same product, viz. the price at which it could have been imported. However, adjustments had also to be made for payments of duties and excise taxes which increased the costs of the industry. It should be recalled that value added is calculated by deducting only inputs purchased from outside from the sales income, and such costs as wages and salaries, interests and taxes are included in value added. ERP turned out to be very high for several branches of industry, which not only meant that they were strongly protected against foreign competion, but is also reflected the low productivity in domestic factories. In some cases there was no such ERP ratio, because the unassisted value added was negative, viz. the costs of purchased inputs used to produce the goods exceeded the price for which the product could be imported, with nothing left for wages, costs of capital, profit and taxes. The reason for this was not only low productivity in manufacturing, but in some cases also the costs of raw materials and other

6 This material was later used in the work on the country study of Bangladesh undertaken by Chr. Michelsen Institute for the Ministry of Development Cooperation in 1986. The Chr. Michelsen Institute, *Bangladesh. Country Study and Norwegian Aid Review*, Annex C, Manufacturing industries, structure, growth, problems and prospects, pp. 267-324, Bergen 1986.

inputs purchased in the country. An extreme example was the production of starch: the cost of domestic raw materials (potatoes, sweet potatoes) needed to produce a kilo of starch exceeded the price of a kilo of imported starch. The sugar industry was a much more important case in which the costs of domestic raw sugar contributed to make the product more expensive than imported sigar.

Such findings helped to determine which industries appeared to be viable, and which ones were operating under such constraints that they would not be able to reach an acceptable performance in the short run. But also other factors than costs were important. The cotton spinning industry is a good example. Its performance was hampered by such factors as frequent power cuts; yet it did not seem to need an excessive degree of protection, on the condition that the quality of its products was improved. Users of yarn, including the important handloom industry, preferred imported yarn of more reliable quality. The metal goods industry was an interesting case. Some very large factories had been established shortly after independence, with excellent equipment, but their capacity was hardly utilised at all. One reason was inadequate managerial and technical skills to develop products that could be produced at reasonably competitive prices. The case of the transformer factory that was built with assistance from the Soviet Union illustrates the importance of continuous product development. It built transformers which weighed almost twice as much as preferred imported models, and the extra cost of steel only made the domestic product far costlier, also in foreign exchange, than the imported one. At the same time some other, larger units were able to produce machinery at reasonable prices. There were also skilled workers available, a fact that was demonstrated by the activities of many "road side workshops" which with simple equipment produced spareparts and undertook repair work of moderate quality.

The TIP teams discussed a number of policy options, and put forward many analytical papers to support significant changes in trade and industrial policies. One major finding of the different studies was that existing policies favoured production for the domestic market at the expense of exports. Admittedly, most industries were at that time unable to exports because of high costs and poor quality. But there were exceptions, and a dramatic change took place in one industry. In 1979/80 Bangladesh exported ready made clothing for USD 1 million; in 1983/84 it had increased to USD 31 million and in 1984/85 such exports jumped to USD 117 million. This was the beginning of a success which soon made garments by far the largest export item of the country. This success was based on one policy measure that facilitated exports: the right for exporters to import raw materials etc. to "bonded warehouses" without paying duties and taxes. The export oriented clothing industry was exclusively based on imported materials. The TIP team argued strongly in favour of offering facilities to the domestic spinning and weaving industries so that effecient domestic producers of high quality goods could deliver cloth to the rapidly expanding export industry. In the short run few factories might be able to do so, but such an encouragement could presumably in the longer run increase the domestic value added of the exports of clothing.

TIP clearly had an impact on policy formulation in Bangladesh, as many steps have been taken to lessen import controls, simplify the system of import duties, and lower many tariff rates. The TIP produced the arguments in favour of such changes. Yet, it must be fully recognised that it was not the quality of the work performed by Bangladeshi and foreign professionals in TIP which led to such changes, but primarily strong pressure from the World Bank and other important donors in Bangladesh. The way in which TIP was planned aimed at strengthening the analytical capacity of four different government host organisations. As in so many other cases of foreign technical assistance projects, the various units ended up working much on their own. The fact that a much larger number of Bangladeshi professionals than foreigners worked with TIP, did not improve the situation, as few if any of them ended up in the host organisations to continue to work on the same sort of analytical problems. The involvement of the permanent staff of the host organisations was very limited. Therefore also in this case my conclusion is very pessimistic as regards the value of a project like TIP as a means to strengthen institutions in a developing country.

The team's policy advice did meet considerable resistance both inside the organisations concerned but much more so from professionals in universities, research institutes, and, of course, from many in the business community who feared that their profitable operations would be threatened. A number of seminars were held in which the work of TIP was presented to and discussed with academics as well as the business community. In Bangladesh there is an increasingly large community of well trained professionals, and many of them maintain that use of foreign consultants is unnecessary and very expensive. However, it is also true that the predominant views amongst many of the professionals had not changed much, and their instinct would be to defend the existing order rather than adjust it to changing circumstances in the world. In this respect we as members of the team brought in new ideas to be discussed and challenged, but they could not be disregarded.

Concluding reflections

In this article I have attempted to throw some light on three issues: the environment under which an "institution building" advisory team was working, including the the problems faced by the respective countries; the way in which the teams operated; and to the extent possible I have assessed the impact of what was done.

The environment has many facets, ranging from the economic and social conditions prevailing in the respective countries, the political situation, the way in which existing institutions functioned, and also purely practical problems facing the team.

The four countries were facing many similar economic and social problems. The large majority of the people lived in rural areas and based their way of living on agriculture and animal husbandry. While all of them had some elements of advanced farming practices, the average performance was weak and ways in which to improve productivity in agriculture were major challenges. At the same time it was evident that the creation and expansion of a manufacturing sector was needed to achieve and sustain economic growth and employment. However, in three of the countries efforts by the state to create new industries had produced very disappointing results. In all four countries considerable improvement in the transport, communications and power supply sectors were badly needed in order to provide the basis for expansion of marketable products throughout the economy. In consequence, sizeable increases in government development expenditure were essential, thus requiring the mobilisation of domestic resources through more efficient taxation and higher savings, as well as foreign aid, and also strengthened capacity to implement projects and programmes. All four countries had established government planning organisations that were supposed to advice on a wide range of policy matters, and assist in improving the execution of approved programmes.

Three of the four countries were under authoritarian rule during my work there; yet, the poli-tical environment was rather relaxed, although not without tensions, particularly in Bangladesh. In this respect, therefore, there was room for some degree of "good governance". The institutional structures were weak (Kenya could be said to be an exception in this respect). Government administration operated very slowly, civil servants gradually became inadequately remunerated, and many institutions became overstaffed. Procedures were complicated, and much of the work consisted of passing work and responsibility downwards and then upwards in the hierarchy, with the result that top management frequently took decisions primarily based on political and other considerations, and not on professional advice from lower level civil servants. The planning organisations were relatively new (with Bangladesh as an exception), and suffered from a shortage of well trained and experienced professionals. Much of the actual work was of a routine character in which procedures were more important than analysis of options.

Except in Nairobi, the hot climate created a difficult working environment, but the working and living conditions of the expatriate teams were not so difficult as to provide an excuse for poor performance on their part. Inadequate administrative and logistic support by the organisations that managed the teams, did lead to some waste of time on practical problems, in the Sudan especially.

The teams were in general well accepted by the colleagues in the organisations in which they operated. However, in Bangladesh there was some opposition to the use of expatriate personnel for the tasks assigned to the teams; there was also criticism of the policy actions they recommended, albeit mainly from outside the host organisations. As I have pointed out already, in the Sudan the team faced a language barrier problem, as the official language was Arabic and very little current documentation was available in English.

In Pakistan and in Kenya the individual advisers concentrated their efforts on working with and guiding their "counterparts" in the sections to which they were attached, on the tasks which the respective civil servants were assigned at any time. This included quick and urgent reviews of cases and problems on which recommendations had to be made, and longer term analytical work, including the preparation of a five year plan. In the Sudan, however, the team was instructed to establish work plans for the different sections of the planning organisation, an attempt which in my opinion was futile and was not very successful: understandably the cases referred to the sections by top management had priority over work plans outlined by an expatriate advisory team. The situation in Bangladesh was completely different. The team had been given a special task to be performed together with a large group of Bangladeshi professionals recruited by the project. This work was to be undertaken in close collaboration with the permanent staff of the organisations in which the various components of the project were located. However, in several organisations the involvement of the permanent staff in the project operations proved to be minimal or even non-existent.

It is impossible to assess with any certainty the real impact of the work of a group of advisers on the subsequent performance of their host organisation. In Pakistan, Kenya and the Sudan the teams worked inside an established organisation, in close cooperation with counterparts of the permanent staff. There is no doubt that members of these advisory teams, well trained, highly motivated and hard working professionals as they were, had a positive impact on many of their counterparts. However, the long term impact was no doubt constrained because of the daily pressure of routine work. Too often this meant the end of most real analytical work when the advisers left and thus limited effective institution building as the process of improved working practices. Moreover, many of the civil servants who had worked as counterparts of foreign advisers were quickly moved to other assignments in which they could make little use of what they might have learned. Some very promising officials ended up working abroad, often in international organisations.

Over the years the supply of well trained young professionals has increased substantially in the developing countries, and in turn this has strengthened some of these institutions to the point where they can now benefit from relatively short term consultancies by individual experts in specialised fields. The impact of the TIP project in Bangladesh on institution building is particularly difficult to assess. The project definitely had a decisive impact on trade and industrial policies at the time, but as, in fact, it operated mainly in isolation from the day to day work in the regular and mainstream public institutions, its effectiveness and impact was probably but transitory.

In respect of institution building through even long term foreign advisory assignments, therefore, my own experience must be characterised as disappointing and pessimistic. When I worked in Bangladesh in the early 1980s, the then representative of the World Bank also stated that the field in which his organisation had suffered most disappointments was institution building. Similar views were also expressed by the representative of United Nations Development Programme. Such experi-ences notwithstanding, the donors cannot cease their support of all institution building. However, a crucial condition for success is that the host authorities fully support the developemt of the chosen institution and that it will be adequately staffed with a professionally competent local staff who can benefit from such assistance.