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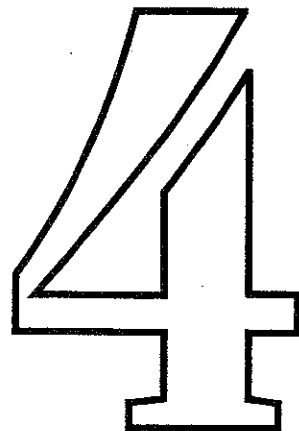
Theoretical Aspects in Urban Practice

By Marco Vonk

Institutional Development:

**Theoretical Aspects
in Urban Practice**

Marco Vonk



IHS Working Paper Series No. 4

Institutional Development: Theoretical Aspects in Urban Practice

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**Institutional
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Theoretical Aspects in
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Marco Vonk

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Introduction

This paper deals with Institutional Development. The concept of Institutional Development has attracted increasing attention in the field of development assistance in the recent years. This attention is warranted by the importance of Institutional Development for the sustainability of development projects. Poorly institutionalized (artificial) project organizations, with little or no foundation in the socio-cultural environment, are not viable in the long run.

In recent discussions on the subject of development aid, the Dutch Minister of Development Cooperation has stressed the importance of quality in development-assistance policy. He considers sustainability of development a determinant of quality, and many others tend to agree with him. It means that a project should not stop, or its effects of not disappear after termination of external assistance to the project. Therefore, projects must not only be technically feasible and financially viable, but they must also be based on, or supported by, an organizational infrastructure that is itself capable to manage the project and that is compatible with the socio-cultural environment. The development of a proper organizational infrastructure is subject to several demands. In this paper I shall elaborate on some factors that influence the organizational infrastructure. The development of this infrastructure is referred to as Institutional Development.

The question to which this paper tries to find an answer, is:

"In what way can more attention be given to institutional aspects of development projects to advance the sustainability of (the effects of) development projects and programmes?"

To answer this question, a better understanding is needed of the kind of institutional problems faced by development projects or programmes.

Institutional Development is a subject discussed mainly in the context of urban- development projects. Such projects tend to suffer from a rather weak institutional performance. I shall try to establish why they perform poorly, identify the (sector-specific) constraints to Institutional Development, and find out how institutional performance could be improved. The idea is not to come up with a general organizational theory for urban development. Rather, the goal is to find out how to improve the institutional performance of development efforts in order to secure a greater degree of sustainability.

1

Institutional constraints to development projects

In this chapter we shall first make an inventory of institutional constraints to development projects, and then go on to discuss constraints to urban development programs will be addressed.

1.1

Defining Institutional development

Institutional Development is a confusing concept, with more than one dimension. There is no widely accepted definition of Institutional Development. In this paper, *Institutional Development* will refer to the development of institutions which provide the organizational or managerial infrastructure necessary to development efforts. These institutions may be new or already existing.

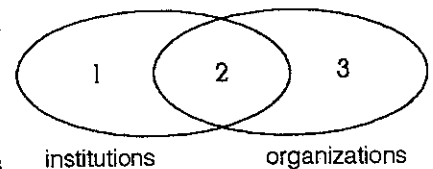
1.1.1

Institutions

Much of the confusion about the concept of Institutional Development is caused by the indistinct concept of Institution. Institutions are often mixed up with Organizations, but that is a narrower concept. Organizations are structures within which people cooperate in recognized and accepted roles. Institutions can be defined as complexes of norms and behaviours that persist through time by serving collectively valued purposes (Uphoff, 1986).

There are three categories of institutions/organizations:

1. institutions that are not organizations
2. institutions that are organizations
3. organizations that are not institutions



An example of the first type is the patronage system. It is not an organization because there is no formal structure, but it clearly complies with the definition of an institution as presented above. These institutions can be considered exogenous, for they are

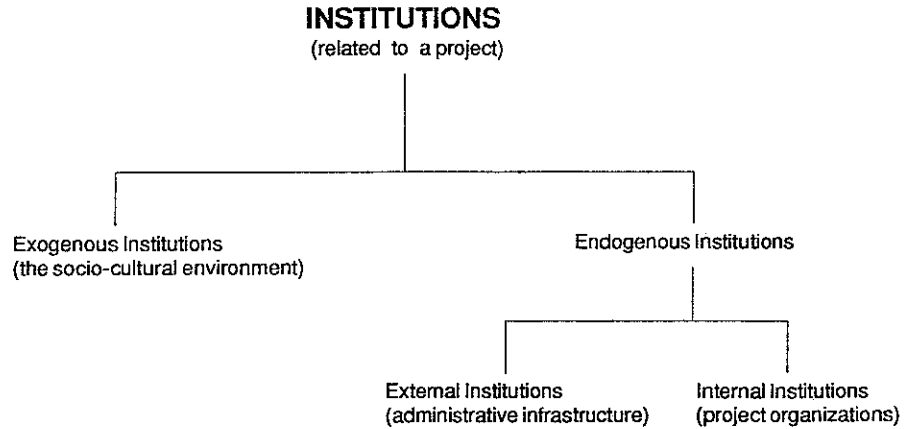
invariably operating in the context of development. Examples of the second type of institution are trade unions, schools, farm cooperatives, governments, etc. These organizations have emerged from social processes and are thus *institutionalized*. Organizations of the third type are artificially created and have not emerged from social processes. Many project organizations are good examples of this type of organization. Institutionalization is the transition of these artificial organizations into institutions of the second type, institutions that are organizations.

Institutions of the second and third types are endogenous, which means that they can be developed. This does not mean that the first type has no importance for Institutional Development, for indeed they can make quite an impact on the development of institutions of the second and third types.

All these three forms of institution play a role in development projects. The project organization itself should be an organization that is also an institution. Unfortunately, project organizations often appear to be artificial institutions, with little or no foundation in the socio-cultural environment. This environment can consist of institutions that are organizations (e.g. the government), but also of institutions that are not organizations (e.g. social systems). This last distinction is particularly important, because the non-organizational institutional environment of a project can be considered exogenous to that project, so that the project has to be designed or adjusted to fit into this, non-changeable, environment. This applies only partly to the clearly structured environment, which is considered to be endogenous, at least to some extent.

Administrative procedures and government policy are difficult to place in the foregoing classification. These kinds of institution are not organizations by the definition given in chapter one. Policies and procedures can be changed in the interest of a project, particularly if the project is undertaken by or under the responsibility of the government itself. Procedures and policies will be regarded as external, but endogenous institutions.

Thus, it is possible to distinguish institutions by their changeability as a result of any action taken by the project designers or management (Bakker & Waardenburg, 1989). Exogenous to the project is the socio-cultural environment. Endogenous institutions are the project itself, the *internal* institution, and the administrative infrastructure (*external*). In general, it is neither possible nor desirable to reshape the socio-cultural environment. The adjustment of the project organization to this environment however, is an important aspect of Institutional Development.



Institutional problems, or constraints on a high institutional performance of a development project, can be classified in a similar way as project-relevant institutions have been in the previous section. The point of view in this paper will be that of the project analyst. This means that the emphasis of the study lies on the internal institutions. The development of the internal institution of a project (or the internal institutions of a programme) is called *Institution Building*. Some authors use Institution Building as a synonym for Institutional Development (Israel, 1987). However, this might result in underestimating the importance of external institutions and the possibility of "developing" those institutions so that they fit the project better, and underestimating the impact of exogenous institutions on the institutional performance of the project. Bearing these comments in mind, we shall use the concept of Institutional Development in this paper in a way similar to Institution Building.

The most prominent institutional problems are problems connected with the internal institution. These problems have to do with the management of the project and the organizational structure. Both management and structure are not isolated units in a project. The management style and the structure of the organization are dependent on, for example, the size of the project and the kind of activities, but also on external institutions such as government regulations and exogenous institutions such as (traditional) habits.

1.1.2

Institutional Development

Institutional Development is the foundation, adjustment and strengthening of organizations which provide an appropriate social, managerial and organizational infrastructure so that development goals for the short term and for the long term can be realized. It is thus necessary that: -a- the continuity

of the development activities (after intervention termination) is guaranteed, and, -b- the application of the methods and techniques of the intervention is sustainable within the project environment.

An appropriate social, managerial and organizational infrastructure means that there is a capable management and a suitable organization (endogenous institutions) for the development operations, which are compatible with the existing socio-cultural infrastructure (the exogenous institutions).

Institutions that are particularly important in the concept of Institutional Development are the local authorities. I tend to consider this institution to be endogenous. In practice however, development projects have to fit into existing government policy, and the project management has for many things to share competence with local rulers, who base their authority on traditions and other institutions of the first, exogenous, type.

1.2 Institutional constraints to development projects

In the following sections, an inventory of institutional constraints on development projects will be made. The constraints will be categorized according to the above classification of project-related institutions.

1.2.1 The internal institution: project organization and management

Four institutional constraints relating to the (internal) project organization and management can be identified:

- 1 the fact that the project organization is frequently a new organization
- 2 the fact that development projects are usually not subject to market mechanisms.
- 3 the shortage of skilled staff in developing countries
- 4 the fact that more than one organization may be involved in implementation

ad 1: Project organization activities are new. A first constraint is that organizations connected to development projects in the developing countries are often new and foreign or alien bodies in an already existing environment. Therefore they are not institutionalized, and thus can be characterized as artificial institutions.

In section 1.1, an organization was defined as: "structures within which people cooperate according to recognized and accepted roles". *Roles* have to be interpreted as the position and function of the members of the organization. Someone's acceptance of his/her role in an organization, implies the recognition of the organization's objectives and the acceptance of a role makes (at least) the acceptance of those objectives likely. There the main problem of artificial institutions becomes clear. These organizations are not rooted in an existing social structure or a cultural tradition, agreement about the objectives of the organization among the participants/employees of the organization is less self-evident than in institutionalized organizations (Bakker & Waardenburg, 1989). The indigenous employees may operate from totally different points of view from the expatriate management.

ad 2: Development project not subject to market mechanisms.

Characteristic of development projects is that they are not fully subject to market mechanisms. Project organizations therefore lack the incentives of competition. In an influential book on Institutional Development, Israel (1987) of the World Bank uses the lack of competition in development activities, especially activities concerned with organizational or administrative activities, as a major explanation for the institutional weakness of development projects. The other key element in his theory is specificity. Specificity is the extent to which it is possible to specify objectives and methods for an activity and the extent to which it is possible to specify the effects of an activity (how long it takes before the effects become apparent, how many people are affected and practical, possibilities of tracing the effects). Development projects of low specificity show a low institutional performance in the same way as non-competitive projects do. Although Israel also mentions other, more traditional causes for successful institutional performance, specificity and competition are, in his view, essential to the success of Institutional Development.

ad 3: Shortage of skilled staff. A huge problem in any development project is to obtain qualified staff and trained personnel. This is not only a constraint on institutional development. Because of the generally low degree of education, it is difficult to get sufficiently qualified personnel for all sectors in many (but not all) developing countries. In many developing countries the shortage of skilled personnel is aggravated by emigration (Sivaramakrishnan & Green, 1986).

For the public sector, the problem is worsened by three barriers to obtain the needed staff. The first barrier is the usually low salary level in most developing countries. In the public sector moreover, there often exist salary regulations, which make it almost impossible to attract specialized personnel for public enterprises or the government itself. Two other barriers for government agencies to employ appropriate staff are legally fixed staff levels and the political self-defence of the people at

decision-making level, who may fear competence problems. Even in developing countries where there is no shortage of sufficiently trained people, these three barriers form an important part of the human resources problem (Bremer, 1984).

ad 4: More than one organization involved. In most development programmes, there are more than one organization involved, so inter-organization coordination is necessary. Simple and obvious as it is to state this, to make coordination work is very difficult. Different objectives, different organizational styles and struggle for power among managers or political functionaries form obstacles to cooperation.

The different responsible bodies are mutually dependent, since the project can not be carried out without the cooperation of any of the institutions involved. The nature or complexity of that interdependency and the nature of the decisions to be made provide the conditions for the coordination mechanism between different organizations (see for a detailed discussion of the subject: Smalen, 1990).

1.2.2

External institutions: administration and government

The role of administration and government in the institutional performance of development projects has two aspects. One is the policy of the authorities vis à vis the objectives and activities of the development programme. The other aspect has to do with the legal-administrative rules under which the programme or project is carried out.

Government policy is changeable and thus constitutes a essentially endogenous (external) variable with respect to development projects and programmes. This does not necessarily mean that to "adjust" the policy to the development objectives is possible or easy. Even if it is the government itself that is responsible for a development programme, may the aims of the programme be very difficult to harmonize with other policy goals (e.g. budget control!). Even less variable are administrative regulations. Laws, official regulations, procedures and so on can have quite some impact on the feasibility of programmes. If such regulations are already existing, they are usually difficult to change for the sake of proper project implementation. That even this institution can be considered endogenous, is evidenced by cases in which proper project implementation requires the creation of new laws or regulations. This can cause quite some difficulties where competencies are threatened or power is reduced.

The more abstract policy goals are, the less obvious is the link with the goals of implementing projects. Many developing countries use elaborate (usually five year) development plans, with

rather explicit policy goals. Frequently, these goals are also quantified.

Consequently, the development plan, as the most tangible expression of government policy, should be endogenous to the project, too. In practice, a plan is not very changeable (partly due to its long-term character, of course). Obviously then, it is easier to adapt a project to the development plan than vice versa. Paul states clearly that the government sets its policy objectives independently, and development programmes must be in accordance with this policy (Paul, 1983:57). This is a necessary condition to the institutionalization of a project organization.

1.2.3

Exogenous institutions

Socio-cultural factors, community participation

A development project is effective only to the extent that its benefits reach the intended beneficiaries. Local involvement is needed for various reasons. Acceptance of the project's aims and participation in the design and implementation of the project is a necessary condition to sustainable development (Esman & Uphoff, 1984). Community participation is therefore considered an exogenous variable. This means that, from the point of view of a project manager, the need for community participation is unchangeable. (This does not imply that it is not at all possible to influence communities in such a way that they are more adapted to a project. To regard community participation as an exogenous variable is partly a norm-based choice.) A project has to be adapted to the beneficiaries' wishes and preferences. Local involvement is especially needed if the people are to finance the greater part of the improvement of their personal situation themselves.

Donors

If a project is undertaken with foreign financial assistance, the donor has usually a say in project design and implementation. Awareness of the importance of Institutional Development within the donor agency is a necessary condition for securing sustainability. The donor's time perspectives tend to be more limited than those of national governments. This accounts in part for the relatively small attention for a sustainable management structure (Paul, 1986). The donor's preferences may prove difficult to change by the recipients of the assistance. If this is the case, it is an example of disguised cultural imperialism, which can be seen as an exogenous institution.

The financial-economic situation

The way a market functions is exogenous to a project. That very large projects could influence the price structure of the market (because of the impact that a large project could have on the relative prices of inputs and outputs) does not essentially change the market mechanism. Although many projects are in the public sector, most of the time they also have to function in a market. This market is imperfect in most developing countries, mainly owing to government regulations. Whether the market functions under free capitalistic conditions, under strong government planning and regulations, or under some mix of these two, the market makes demands on an organization, on the design as well as on the performance of the activities.

The financial situation of the government may constitute an institutional constraint on urban development programmes, as far as they burden the governmental budget. According to Paul, one pre-condition of the performance of development programmes is the availability of resources. If this condition is not fulfilled, the ability of the programme leaders to perform their tasks will be severely limited.

1.3 Strategies

1.3.1 The internal institution

Israel claims that institutional performance can be improved through country-wide policies and measures that affect most or all agencies. A national policy is even a necessary condition to successful Institutional Development. Such a national strategy is *external* to development projects/project organizations. The elements of national strategy are dealt with below, in the section on external institutions.

Israel has advanced two general suggestions for the stimulation of specificity in intrinsically low-specific activities, suggestions which apply also to the stimulation of a competitive environment. The first is *simplification*, the second *professionalization and socialization*.

Among the characteristics of low specificity are an excessive number of objectives, and disagreement about those objectives and how to achieve them. Israel suggests that a drastic simplification of the objectives is the only way to eliminate this disagreement. He warns that this cannot be done by a blueprint model, but only in an incremental process. The lack of specific (financial) incentives makes other, non-pecuniary incentives more

important. Professionalization and socialization are two solutions that can help compensate for the lack of monetary incentives. The solutions have to be tailor-made to the general and institutional culture of a country.

The absence of a competitive environment, the other important cause of institutional weakness in Israel's opinion, can be compensated by the use of *competition surrogates*. The shortage of competitive incentives is defined in an economic sense, as the absence of rival suppliers. According to Israel, this is too narrow a notion of competition. Competition, as an incentive to performance for individuals, can be replaced with competition surrogates, such as pressure from clients, pressure from suppliers, political pressure or internal competition. These competition surrogates can help to simulate a competitive environment, which is an incentive to institutional performance.

Another comprehensive theory suggesting ways to improve the performance of the internal institution of development projects comes from S. Paul (1986:21). In his view too, constraints on the public sector are important explanatory variables for the low performance of development programmes. The specific constraints of public-sector programmes make specific demands on the management of these programmes. These demands are met by his concept of *strategic management*, an integral approach to overcome the constraints of the public sector.

The formulation of the programme's strategy encompasses the choice of goals and means to achieve them. Objectives set by the government and the bureaucracy and environmental factors will influence the strategy. In the rather detailed instructions which are given in the book, two elements are of particular importance: the logical coherence of objectives and derived subsidiary objectives (in accordance with national policy), and the adaptation of the objectives to wishes and preferences of the beneficiaries. The latter point will be discussed below.

The manpower problem originates from characteristics of developing countries, exogenous to development projects and -plans (at least in the short run). The solution of the problem is related to the internal and external institutions, although it could be argued that adaptation of projects to the exogenous constraints is another possibility. This "solution" is related to Israel's first general strategy to overcome institutional problems: to minimize the need for institutional capacity. In the remainder of this section, the assumption is that the need for qualified personnel has already been minimized. Of course, some need will always remain.

A conventional solution for these problems is the employment of expatriates in functions for which there are no local people available. This solution is contrary to the institutionalization of development. It is the clearest example of the relation between Institutional Development and sustainability: when the expatriate

management (or any part of the organization that is operated by foreigners) leaves the project, it ceases almost immediately.

The obvious way to tackle this problem is training. The expatriate management should be involved in a training programme, to create their local successors. Because of the suggested incremental approach for the structuring of development projects and programmes, training on the job will usually be most suitable. This requires a certain initial general and specific educational level, however. This educational level can be partly an endogenous variable to most programmes. Sometimes a development programme encompasses a training component.

Otherwise, the opportunities to train and educate local people are dependent on the government policy. Government policy is also needed to overcome the other barriers to the recruitment of qualified personnel. The problem cannot be solved by policy alone, however. Even if the government is willing to abolish the formal barriers to the recruitment of qualified personnel, informal barriers may persist.

Generally, it will be useful to create a management team and delegate sufficient competencies to the team. When the interdependency between organizations is more complex, the appointment of an integrating project-coordinator or -manager (with more extended competencies) may be necessary. A possible coordinating mechanism for integrated development projects, with a high degree of complexity, is a matrix-organization with formal horizontal linking arrangements among agencies or departments of large agencies. With this form of coordination, the main organizations and agencies involved in implementation of the project are represented in the project management and have equal possibilities of influencing decisions (Keuning & Epping, 1987:141). The project organization must be independent of the former constituting organizations to avoid conflicts about competencies.

In Paul's view, a network structure that facilitates the formal cooperation of the involved organizations outside the project agency is more appropriate than a matrix organization in large, complex development programmes (Paul, 1986:81). In a matrix organization, conflicts are resolved at a higher level in the organization. The network structure can be implemented by the installation of a multi-disciplinary management team. According to Paul, a network structure is the most desirable form of involving all the relevant agencies in the management of the project organization.

Inter-organizational coordination by the forming of new structures or by the appointment of integrating managers can be seen as a form of *decentralization*. Decentralization has other (institutional) advantages, such as shorter lines between the authorities and the governed, which facilitate the mobilization of local support for the project. It increases the opportunities for

participation of (lower) programme staff and beneficiaries in decision-making (Paul, 1986:84). Decentralization causes political problems, however. Governmental bureaucracies are rigid and to reduce the power of the political centre is very difficult. Besides, decentralization may entail additional procedures and thus more bureaucracy because responsibility is not consequently delegated (Sivaramakrishnan & Green, 1986:51). If that happens, the effect of decentralization is opposite to what was meant.

1.3.2 External institutions

Existing government policy will appear to be modifiable if a project is really wanted, however. Usually it is the government itself which initiates development projects, and obviously a government can change its own policy.

Beside the governmental policy with respect to the objectives of a development project there is another aspect of government policy relevant to Institutional Development. A general strategy for improving institutional performance should be part of the development policy. Israel mentions three approaches to a national strategy: awareness of institutional issues, emphasis on low-specificity sectors and activities, and a strategy to minimize the need for institutional capacity (Israel, 1986:113).

1.3.3 Exogenous institutions

A basic condition is that an institutional framework be shaped that allows for participation. A second condition is the organization of communities.

Participation should occur at all stages of the project: establishment of the priorities and planning (identification and design), implementation and financing. Participation in the design of a project has already been mentioned as a logical way to gain support for its objectives. This is participation in decision-making.

Participation in implementation is the contribution of beneficiaries to the realization of a project. Participation in financing is an example of participation in implementation; it usually takes the form of loans to beneficiaries.

Participation can be specified as:

- sharing in economic and social benefits and costs
- making decisions concerning activities to be executed
- increasing capacities to organize beneficiaries for greater access to a programme

- service to members of local implementation groups¹

Such involvement is not only important for the sustainability of development, it is also desirable on democratic principles. The word *democratic* is used here in a normative sense, as the most desirable form of rule. In a democratic society, people have a say in decisions concerning them. This means that the people have to be involved in the policy formulation and decision-making processes.

Involvement of the local community in a project partly depends on the extent to which a programme is designed according to the wishes and expectations of the beneficiaries. The easiest way to attract the support of beneficiaries for a development project is to do something they want. A careful investigation into the wishes and preferences of the beneficiaries is the first thing to do when a project is designed. It is important to recognize that the interests of a group as perceived by policy makers, may vary from the individual interests of group members. Therefore, a policy to gain support from beneficiaries should not only be focused on the group as a whole, but also on the individual beneficiaries. Participation should thus create the possibility of maximizing profits for individuals (profits should be understood in a broader than purely economic sense) (Bryant, 1980).

Other people than beneficiaries may also be affected by the project. Their involvement may be as important as the involvement of direct beneficiaries, but their preferences may be quite different or even opposite, possibly owing to opposite interests (for example the interests of farmers in a valley which will be flooded because of an electricity dam).

To know the preferences of all the people who are affected by a development project is important for the establishment of the project's objectives. To make community participation possible, the objectives of a development project or programme must be in accordance with wishes and expectations of the affected community. This is one condition for the institutionalization of the project organization. Another condition resulting from exogenous institutions is the compatibility of the project's or programme's administrative infrastructure with existing local rule. Often, there is an informal or traditional system of rule in force apart from the formal administration on the national and local level. This exogenous institution may form an obstacle to the project organization if it is not incorporated in it.

Community participation requires a community organization. A local organization must represent various segments of the

¹ The characteristics are derived from: US Committee Print, House International Relations Committee, 94th Congress, 1st session: Implementation of new directions in development, cit. in Bryant, C.: Squatters, collective action and participation. World Development Vol. 8, 1980.

population and function as an information channel between beneficiaries and project staff (UNCHS-Habitat, 1984).

The question how to achieve community participation is composed of three parts. The first is how to gain support for the project's goals, the second is how to organize the community for the project's objectives. Support and organization are conditions for participation. The sequence in which they are mentioned is arbitrary. Support and organization are mutually dependent and must be pursued simultaneously. The third question is at which stages of the project participation should be realized.

In the UNCHS-Habitat report (1984) on community participation, three situations are distinguished where a community is to be organized for participation in project execution. The different situations call for different organizational strategies.

- There is no existing organization. In this case, a new organization should be established. According to the UNCHS report, this may be difficult because the absence of a local organization can be an indicator of social heterogeneity or instability. Paul suggests inviting NGOs to help mobilize the local population if the project management itself is unable to do this. NGOs are generally more familiar with local people and conditions and more flexible in their decision-making processes and structure. They may also be more effective in encouraging beneficiaries to participate in and respond to the project (Paul, 1986:98).
- There is one organization. An existing community organization can be used to generate involvement in the project. The performance of local organizations in the pursuit of development is discussed in a study of M.J. Esman and N.T. Uphoff (1984).

An advantage of using an existing local organization is that it usually reflects the social structure of the organized people. This is important because it is a way to take the influence of social stratification into account in the project design and implementation. Unfortunately, this is not the case in circumstances where the organization itself is a product of social stratification. If a local organization does not reflect the social structure of the community, participation of the community cannot be achieved by involving this organization alone (UNCHS-Habitat, 1984:10).

- If there exist two or more organizations, a choice will have to be made, unless the organizations can be persuaded to join hands. The latter option is preferable, especially if the different organizations represent different social groups.

1.4 Summary

The institutional *performance* of development projects depends on the *internal organization*, including the organizational structure, the management and the availability of skilled staff. The development of the organization and the extent to which it is possible to set and attain the organization's objectives is also interrelated with *external institutions* such as the government and foreign donors, if any.

The *institutionalization* of project/programme organizations, which is crucial to their success, depends on the degree to which the project/programme can adapt to *exogenous* institutions.

Development projects suffer from low-specificity and a lack of competition. Israel's strategies to compensate for these deficiencies include:

- simplification of the objectives
- professionalization and socialization of the staff, which should be especially skilled for people-oriented activities, from talent or by training
- specific organizational measures, such as a fairly rigid supervisory structure, emphasis on team-work, few precise rules, avoidance of quantitative techniques, and specific non-pecuniary staff incentives
- simulation of competitive pressure

These measures will help to improve institutional performance. It is not always possible to apply all the suggestions. Beside this, additional strategies are possible and needed to improve performance.

An important institutional condition for successful implementation of development plans is that the goals of the project are in accordance with (national) policy goals. Strategic management, with explicit formulation of the project's objectives and means in accordance with national policy, is necessary to increase (institutional) performance of projects and programmes.

Paul's preference for network structures instead of matrix organizations disregards the advantages of an independent project organization. For an independent organization it is necessary to be represented by functional agencies with authority. A matrix organization offers more independency than a network structure.

The manpower problem should not be resolved by hiring expatriate managers. Indeed, not to provide a training programme for indigenous managers is a serious threat to sustainability. Such a programme is an essential part of Institutional Development.

To design sustainable development projects, governments must be aware that Institutional Development is indispensable. Without such awareness it is difficult to achieve institutional progress. Governments should have not only a positive attitude towards Institutional Development, but also an open eye for a favourable legal-administrative framework. Sometimes an active policy is needed to level formal barriers.

A necessary condition for the institutionalization of development programmes and projects is the acceptance of the goals, means and scope of the programme/project. The first step to secure this acceptance is to gain support for the policy objectives of development projects. Therefore, the objectives must reflect the interests of the beneficiaries. The people that are affected by the programme/project should be involved in decision making. This can be done by using existing social institutions. NGOs may help to mobilize the local population.

Project organizations are often not rooted in traditional structures and, therefore, lack spontaneous acceptance. This makes it difficult to attain a sufficient level of institutionalization in the existing socio-cultural structure. That is a necessary condition for sustainability, however.

2

Case Study: Squatter Upgrading in Lusaka

2.1 Introduction

The previous part of this paper was a summary of possible institutional obstacles to development. The problems were mainly derived from general literature about Institutional Development. In this chapter, a case study (of Lusaka) will be examined, which should provide practical insight into specific institutional problems of urban development programmes and how to solve these problems (or which problems are very hard to solve).

The situation in Lusaka will be placed in a national and historical context. Next the urban development programme in Lusaka will be discussed, special attention being given to institutional problems and solutions. The discussion of institutional arrangements follows the main line of thinking as developed in the previous chapter.

The documentation available on institutional aspects of the housing project in Lusaka is sufficient to allow a more detailed analysis of these aspects. Although not always mentioned explicitly, Institutional Development is seen as an important variable in the documentation, determining the possibilities of successful programmes. In that context, the following statement by the body responsible for housing in Zambia is illustrative: "The lack of a coordinated institutional framework is recognized as the perhaps most serious obstacle to an effective solution of the housing problem"².

Another advantage of the Lusaka-case is that the project has been completed, and that evaluation reports are available. Institutional Development is seen as a determinant for the sustainability of development. Because the project activities have come to an end and hence the intervention in the project environment is terminated, it is possible to evaluate the sustainability of the (intended) effects of the project, and the part that Institutional Development has had in this case.

2 National Housing Authority: Proposals for a national housing policy in Zambia, 1983, quoted in Chisanga: Urbanization and housing in Zambia: a review. Vancouver, University of British Columbia, 1985.

2.2 Urban development in Zambia³

2.2.1 National pattern

The Republic of Zambia, previously known as Northern Rhodesia, was part of the British colonial empire until its independence in 1964. It is one of the most urbanized countries in Sub-Saharan Africa. Nearly 50 per cent of the population are living in urban areas.

Most cities and towns in Zambia can be categorized as European or colonial cities, mainly developed in the 20th century. Colonial cities in Africa were designed to facilitate trade and colonial administration and for settlement of Europeans. The development of urban settlements in Zambia is associated with the development of the mining industry and transport infrastructure for one of the largest copper-producers in the world. Zambia has two urban centres; the first is formed by the copper-belt province as a whole, the other is Lusaka, the capital.

In the colonial period, the public policy was to encourage "industrialization without urbanization" (Obiwegwu, C.F. and Nziramasanga, M., quoted in Chisanga, 1984). An urban industrial base was to be built by using the cheap African labour force from the country sides. After a period of service, the Africans were expected to return to their rural origins, to prevent their urbanization. Officially, the goal of this policy was to promote rural development and to stabilize the rural population, but no action was taken to stimulate rural development. It is clear however, that the preservation of the cities as places where Europeans could live without the "inconvenience" of many Africans around was at least an important subsidiary goal.

Various measures were taken to implement the "industrialization without urbanization" policy. For example, Africans were not allowed to own land or real estate in the urban areas. A system of legal measures like labour registration and pass-laws was created. African workers were prohibited to live with their spouses during their stay in urban centres. Urban services were inadequate or not available to Africans, partly to reduce costs and partly to discourage living in the city.

During the mid-1940s this policy was moderated in the so-called "stabilization without urbanization" policy. Some of the harshest measures were relaxed, among other things the interdiction for African workers to live with their wives in the city. The period

3 The information for this section originates for the greater part from Chisanga, B.: 1984, chapters 1 to 3.

Africans were allowed to be employed in the urban centres as the urban population expanded, but after retirement they were still expected to return to their rural origin. This policy lasted till the time of independence.

After independence, the legal restrictions on rural-urban migration were abolished. This resulted in a greatly accelerated growth of the urban population. Although in the first two national development plans emphasis was placed on rural development and little attention was given to urban-development policies, the actual government expenditure during the first National Development Plan showed a strong urban bias. This is not specific to Zambia, however, but a phenomenon characteristic of almost all developing countries (Lipton, 1987). In the third national development plan attention was given to the problem of urban development. A consequence of this concern important in the context of this study was that the existing system of Urban Master Plans was to be modified and integrated in the National Development Plan.

2.2.2

The post-colonial housing policy

The post-colonial housing policy of the Zambian government can be divided into two major policies:

1. Tied housing or institutional rental housing. This policy is a remainder of the colonial period. Houses of different types, but most of them of rather high standard, owned by the central government, local authorities or large companies, are rented to employees of these institutions at far below economic rent. Loss of job implies loss of accommodation.
2. Home-ownership policy. This policy is implemented through three kinds of programmes:
 - legalization and upgrading of squatter settlements and "Sites and services housing programmes"
 - promotion of conventional self-built housing
 - conversion of institutional housing and public rental housing into ownership

In spite of the announcement of some other policies, the major governmental commitment during the post-colonial period was with the two policies mentioned. Conversion of institutional housing and public rental housing into private ownership has not occurred, however. Within the home-ownership policy, there has been special emphasis on the squatter upgrading and sites and services programme.

2.2.3

Characterization of the situation of Lusaka⁴

In the colonial period, all cities and towns in Zambia had master plans with elaborate zone-laws, by-laws and building codes. Usually they were transplanted from Britain with little modification. Lusaka is often referred to as "the garden city", because of the physical layout of the city. Since independence, little has been done to modify the planning practices to respond better to the existing urban realities (Chisanga, 1984).

The capital city was, more than the other cities in the country, affected by independence. As opportunities for government employment rose, the rural-urban migration boomed, no longer limited by legal restrictions. Lusaka was also becoming a manufacturing and commercial centre and the fastest growing city in Zambia. This required expansion of many existing infra-structural facilities. In the first few years after independence, the municipal authority provided these services only in the formally recognised areas.

The first step to a new housing policy after independence was a "site and services" programme. Although this was rather successful, it did not tackle the problem of already existing unauthorized settlements and the urban poor. The services were provided on too limited a scale and the majority of the poor could not afford the charges for the services. Therefore, in the Second National Development Plan, the principle of "upgrading" squatter settlements was accepted. Lusaka was chosen for the first squatter upgrading project, to be financed jointly by the Zambian Government and the World Bank.

2.3

The project⁵

The First Lusaka Upgrading and Sites and Services Project, initiated in 1974, was prepared by the National Housing Authority (NHA), a rather autonomous division of the Ministry of Local Government and Housing, in consultation with this ministry and the City Council. A newly established, autonomous project unit, the Housing Project Unit (HPU), was set up to execute the project. The option of a separate executing body was chosen in the hope to avoid bureaucratic constraints facing existing public agencies. The unit was attached to the city council. It was disbanded in 1980, when the greater part of the project was completed.

4 This section is for the greater part derived from: Pasteur, D.: The Management of Squatter Upgrading. Westmead: Saxon House, 1979.

5 Pasteur, 1984:p. 14; Pasteur, 1982.

The project was an implementation of the "home-ownership policy", mentioned above. Elements of this policy are legalization and upgrading of squatter settlements and promotion of conventional self-built housing. Legalization and upgrading (improvement) of the largest squatter areas of Lusaka was the main goal of the project. The upgrading was to be carried out partly by the inhabitants themselves, financially and otherwise supported by the project unit.

The project aimed to make an impact on the housing backlog that had accumulated since 1963, and to provide for future growth. It provided services and improvement opportunities for 18,000 houses in Lusaka's three largest squatter areas with a population of 130,000 in 1977 (one third of the total population of Lusaka, and two thirds of the population of the squatter areas). The project also provided basic infrastructure for 12,400 new plots (the sites-and-services component). Some of these new plots were reserved for resettlement of existing households, displaced by roads and other services in the upgraded areas.

The financing of the project was shared between the World Bank and the government of Zambia as follows:

	Million Zambian Kwacha	Million \$	%
World Bank	12.85	20.0	48.5
Govt. of Zambia	13.65	21.2	51.5
Total	26.50	41.2	100.0

The World Bank financed all foreign-exchange costs and 23 per cent of local costs, the Zambian government the remainder of local costs apart from a small segment covered by other aid agencies. The project was based on the principle of full cost recovery in fifteen years. The costs were to be recovered through repayment of material loans and through charges for services provided.

2.4

Internal Institution⁶

The description of the internal institution of the urban development programme of Lusaka is divided into a sub-section on the organizational structure, a sub-section on management and a sub-section on human resources. In the sub-section on the organizational structure, inter-organizational coordination will be discussed. The need for coordination between different government agencies influenced the structure of the project agency.

⁶ The information for this section is mainly derived from Pasteur, 1984.

2.4.1 Organizational structure

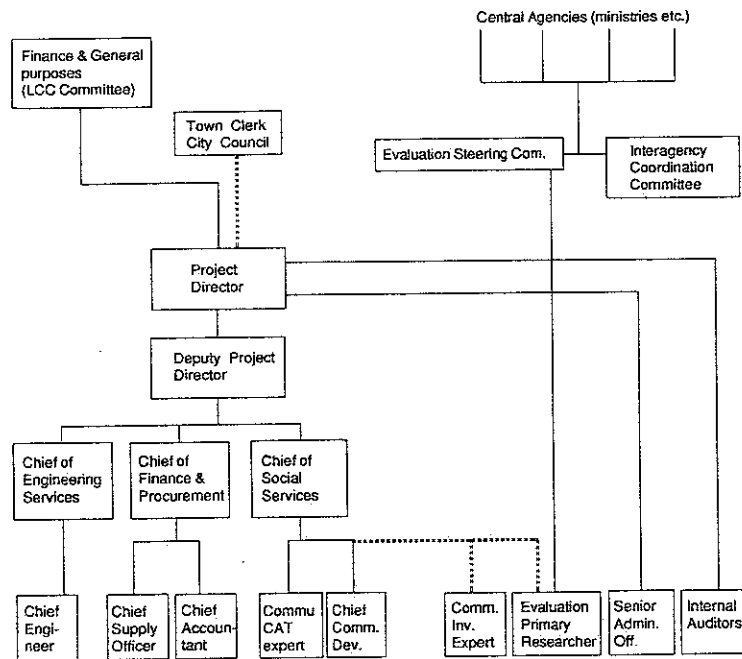
The Lusaka project was initially prepared by the National Housing Authority (NHA). For the implementation a special project unit, the Housing Project Unit (HPU), was established. The project unit was attached to the Lusaka City Council (LCC) as a department with a special status. The special status placed the HPU outside the normal procedures and controls of regular LCC departments. The option of a special project unit was chosen also because no existing agency was suited for all the tasks following from the project. While the establishment of a semi-autonomous project unit could improve efficiency in project implementation, it could also impede integration of the project unit in the administrative structure. In an evaluation report for the World Bank, Bamberger et al. (1982) stated that the establishment of the HPU as a separate unit did promote efficiency in project implementation. After termination of the main project, it was difficult to integrate the remainder of the HPU in the LCC, which was needed for maintenance purposes. This endangered the sustainability of the project.

The HPU was attached to the LCC because the city council was the responsible body for housing and infrastructure development and it was already the revenue collecting authority. It was considered preferable that one body collected all local charges.

The organizational structure of the project unit tends to a functional line structure, with two specific coordinating structures: the *Heads of Divisions Meeting*, comprising Project Director (PD), Deputy PD and the three division chiefs, and three *Field Teams*, one for each squatter area, comprising mainly community development staff, but also staff from the other divisions operating at the field level.

The Heads of Division Meeting forms the most important coordination mechanism between the different divisions of the project organization. Because all relevant decisions were made in this team, which comprised the functional managers of different organizational segments, the HPU can be seen as a form of a matrix organization (Pasteur, 1984:143). In an ex-post evaluation for the World Bank, Bamberger et al. considered the management-team approach a successful element of the organizational structure of the HPU (Bamberger et al., 1982:15).

Organigram HPU



Based on: Pasteur, D.: p.26

2.4.2

Management

An important element of the management system of the project is the Heads of Division Meeting. The Heads of Division Meeting evolved within two years after the initiation of the project unit into the so-called Weekly Progress Meeting (WPM), in which also the lower-staff levels participated. In this group, all important policy and management decisions were made. The WPM met the desire to involve all senior staff in the management process. That involvement should have two effects (Pasteur, 1984:38):

- promotion of loyalty of lower staff levels to the project and a more direct link between top-management and field staff (socialization)
- sharing knowledge and resources among all staff members (professionalization).

The Field Teams were set up as geographic project organizations of the HPU. They can be seen as single-project organizations. The purpose was -again- professionalization, but another important idea was that delegation of implementing responsibilities from the central level (WPM) would improve the performance of the project. The establishment of the Field Teams should also facilitate the contact between HPU and the communities.

The Field Teams have functioned rather successfully, according to the ex-post evaluation of Bamberger (1982:86), as has the Heads of Divisions management team. The evaluation states,

however, that this structure itself is not a guarantee for a successful implementation process.

Monitoring and evaluation of the project was undertaken by separate units in the organization. The monitoring section is part of the line structure and falls within the Social Services Division. It was concerned with short- and middle term evaluation, which could lead to changes in the implementing process. An element of the monitoring process is *feedback* (Martin, 1987). Monitoring is one means to bring pressure to bear on the performance of individuals. It is a competition surrogate, mentioned by Israel as a way to simulate a competitive environment.

Monitoring reports of the activities of staff members met with some difficulties among the staff members concerned. The reports, written by a monitoring sociologist, were taken as personal criticism rather than as constructive suggestions for better policies and management. These problems have been overcome however, and the reports increased the specificity of the project activities.

The (long-term) evaluation unit falls completely outside the project organization. This is because of the singular nature of the project. The responsible committee is attached to the Ministry of Local Government and Housing and financed by the World Bank and American Friends Service Committee (AFSC). A separate evaluation was undertaken by the World Bank.

A separate communication section was established to facilitate internal communication within the HPU. This section played a vital role in the implementation process. It did not only promote the internal communications, but was also especially resourceful in promoting relations between HPU and the communities of the squatter areas.

2.4.3

Staffing, training

The level of staffing for the project has been partly determined by the development needs of the project. This means that in comparison to other LCC-departments there was a need for better skilled staff, notably in the higher staff levels. The ability to work in people-oriented activities was, especially for the staff working in the department of social services, a criterion in the selection procedure.

This staff was hired only for the duration of the project, and was in part provided by international agencies attached to the project, such as the AFSC. The AFSC staff members made special efforts to run an in-service training programme for "indigenous" members of the project staff (Hoek-Smit, 1982:100).

The salaries for HPU staff are comparable with LCC staff salaries. A significant part of the staff is hired only temporarily, for the duration of project implementation. This group receives a substantial allowance in recognition of their limited job security. The HPU has not had serious problems with the acquisition of its staff, with the exception of the recruitment of the Project Director. The absence of the usual staffing problems of development projects can be contributed partly to the fact that HPU could get around many of the regulations and procedures for the acquisition of personnel for public bodies. This was possible because HPU was explicitly placed outside the administrative procedures of the LCC.

2.5 External Institutions

2.5.1 Government Policy

The government, in the sense of government and administration, is important in particular because it sets the more or less abstract policy objectives in which any programme should fit. The more abstract these policy goals are, the less obvious the link with the goals of implementing projects. The objectives of the government of Zambia in the field of urban development can be found in the National Development Plan (NDP), which is sometimes very concrete. Some of the goals referred to in the NDP, can be directly converted into goals for an urban development programme.

The third National Development Plan contained the following aims in the field of urban development and housing (1979:321,383)

- to complement an overall regional development strategy in attempting to reduce rural-urban disparities, by redirecting future investment and development away from the existing large urban areas and by planning the optimum distribution of future urban population within the urban sector;
- to increase the absorptive and productive capacities of all existing and emerging urban areas and seek to meet basic human needs for employment, shelter, nutrition, water sanitation, education, health and transport;
- to enable the maximum number of families to attain -at least- a minimum shelter, according to Habitat standards of United Nations Conference on Human Settlements;
- to give highest priority to housing for the low-income groups, by adopting positive measures to alter the present investment pattern in favour of the lower income groups;
- to give high priority to institutional housing

- to promote a home-ownership scheme financed by personal savings and long-term institutional credit.

At first sight, these aims seem not consistent (redirect funds away from urban centres vs. increase the capacities of these centres and provide services, which will take funds). This makes it difficult to formulate consistent goals for projects. However, the goals for the Lusaka project are consistent with the more concrete objectives of extending capacity of Urban Centres.

Another aim formulated in the third national development plan is the replacement of current town planning and land- and other legislation with a new statutory structure (Republic of Zambia, 1979:81). This opened formally the way to the relatively new, adequate administrative and organizational structures, used in the Lusaka project. The passing of the Housing Act of 1974, which was meant to provide a legal structure for site and services projects, is another important institutional measure of the government. It replaced existing legal procedures with simplified ones and moved competences away from the central government to, among others, the city council.

2.5.2

Inter-agency coordination

At the design stage of the project, an Interagency Steering Committee was established under the NHA, the coordinating government body. This committee was not viable. The reason for this was that the members of the committee lacked authority within their departments, and thus could not commit their department to decisions of the committee. On the other hand there was little need for coordination, since the responsibility for the execution of the project came for the greater part under a single authority (first NHA, later HPU). There were some troubles in the acquisition of land for the sites-and-services part of the project, however, which were possibly due to the lack of coordination between the competent authorities.

2.6 Exogenous Institutions

2.6.1 Community participation⁷

Support

One purpose of community participation is to gain support among the beneficiaries, in order to avoid resistance which could hamper speedy implementation. Although the project did not face significant resistance from the beneficiaries, clearly that cannot be contributed to involvement of the beneficiaries in the project *design*. The residents were explicitly excluded from participation in this phase of project planning (UNCHS-Habitat, 1984:12). It seems that the residents of the squatter areas were content with what they saw as an improvement to the present situation. During implementation, the Field Teams devoted a great deal of staff time to community briefings. Many efforts were made to reach as much of the population as possible. At briefings, HPU gave a careful and detailed explanation of the purpose and implications of the project.

Organization

In the absence of direct government involvement in squatter areas, the dominant institutional force in the squatter settlements in Lusaka has been UNIP, the only political party in Zambia (Pasteur, 1984:11). UNIP is organized hierarchically from the national level down to the section at the level of a group of houses in a street. The party is strong in the squatter settlements and there is a two way communication between local and central levels. The party organization acts in the squatter settlements as the local authority, performing administrative tasks, such as maintaining law and order and provision of public services. Pasteur states that the party was "constructively involved in development" (p. 13). UNIP seems to be a suitable intermediary for community participation.

According to various evaluation reports, the UNIP proved to be a useful instrument indeed for the necessary organization of beneficiaries in the Lusaka Housing Project. This meant that participation relied on the commitment of the UNIP-leaders at Branch and Section level, however. Therefore, the leaders were briefed separately in advance of meetings in which the project staff discussed the project (activities) with the residents. In this way, the active collaboration of community leaders was obtained.

7 Much of the contents of this sub-section is derived from Hoek-Smit, M., 1982.

Involvement in planning, implementation and financing

The community was not involved in the initial planning of the project. During implementation, there was a so-called participatory management structure, which enabled the community to communicate with the project management. To facilitate communication between HPU and the communities of the squatter areas was one of the goals of the establishment of the Field Teams. Bamberger et al. considered this a successful part of the project (Bamberger et al., 1982:83). It was stated that "an essential element of the philosophy of the Lusaka Housing Project was that the upgrading plan would not be finalized in all details until after discussion and agreement with the participating communities". However, participants in these discussions often felt that the project management did not take the outcome of the meetings into account (Hoek-Smit, 1982:59,71).

Another form of participation in the implementation phase was *self-help*. This is a form of physical participation in the realization of the projects goals. In collective self-help, residents undertake work that would otherwise be executed by contracted enterprises. The community, not the individuals, earns the money saved. It can be used for the construction of a community facility.

The World Bank had reservations about self-help, fearing that self-help would cause delays in project implementation. There was also resistance from contracted firms. The result was a rather low number of self-help projects, despite the initial planning of a large component of self-help projects in the implementation. Individual self-help, which focused on the building and improvement of houses, was not a success either. Individual self-help was stimulated through provision of loans for building materials, construction advice, and assistance with removal. Hoek-Smit gives various reasons for the lack of success of individual self-help in Lusaka. Individual self-help usually plays a minor role in housing schemes in developing countries.

The assessment that the services of the project would be within the financial capacity of a large proportion of the low-income population (Pasteur, 1984:15), did not prove entirely true during project implementation. This was mainly due to a decrease in real income of the majority of beneficiaries. Another point that hampered the financial participation of the beneficiaries was the participation itself. The demand for loans was unexpectedly high. Together with the rising cost for building materials, which increased the average amount of money demanded, this caused a quick exhaustion of the available funds. Through these factors, the building activities in the squatter areas slowed down remarkably.

2.6.2

Financial-economic situation

The financial-economic situation of Zambia has already been mentioned as a determinant of government policy. The effect may be strengthened if governments try to obtain financial support from outside, for example from the World Bank or the IMF. These organizations demand a government policy in accordance to their views, as a condition for the provision of loans. Insofar as programmes burden the government budget, this condition may be an institutional constraint on urban development programmes. That the urban housing policy in Zambia is implemented mainly through the home-ownership programmes is explained in part by the limited financial possibilities of the government and its efforts to obtain IMF and World Bank loans. The home-ownership programmes are to be paid for the greater part by the urban dwellers themselves.

Local involvement, needed for various reasons, was of particular importance in Zambia because the people were to finance the greater part of the improvement of their personal situation (see above). This was partly due to the financial situation of the Zambian state.

2.6.3

Donors*World Bank*⁸

The involvement of the World Bank in the project has had an important implication: because a World Bank loan has to be repaid, under rather strict conditions, the economic efficiency of the project was emphasized. That concern often prevailed over commitment to community aspects of the project. The emphasis on efficiency thus formed an institutional constraint on the project's adaptation to exogenous institutions such as wishes and preferences of beneficiaries.

The project shows nevertheless that community participation can contribute to greater efficiency by preventing serious delays in implementation. This is an indirect contribution of Institutional Development (community participation being an aspect of Institutional Development) to sustainability, because financial/economic viability is another strong determinant of sustainability.

8 The factual information of this section is derived from Hoek-Smit, 1982.

Other donors

The role of two other donors is notable. The AFSC provided a Community Involvement Expert, supported by a number of Zambian staff (financed by the AFSC). They formed a unit (attached to the HPU, though not under its control) and contributed significantly to training programmes, both for staff members and for beneficiaries. UNICEF has also contributed staff to the community development training programme and provided the Communications Media Expert.

The institutional effect of involving these agencies is mostly due to their efforts for the community development training programme. This programme was meant to meet conditions on the side of the community for community participation. In those terms, their involvement was reported to be rather successful (according to Hoek-Smit and Pasteur).

2.7 Review of the case

In this section the main institutional arrangements will be summarized and "evaluated". The evaluative notes are for the greater part based on the evaluation reports of Pasteur and of Bamberger et al

One of the most important institutional choices in relation to the project was the establishment of a separate, semi-autonomous project unit. While promoting efficient project implementation this measure also endangered the sustainability of the project, because after the implementation stage the project organization proved difficult to integrate in the LCC for maintenance of the services provided by the project. This was due to the separate position of the HPU.

The management-team approach worked well as an internal coordinating mechanism. The communication between different parts of the organization was further facilitated by the establishment of a specific section which was responsible for the internal communication. The field teams functioned not only as internal coordinating mechanism, but also as intermediary structure between the HPU and the community. The professionalization and socialization of the project staff was stimulated by participation in one of the management teams.

Close monitoring of the project functioned as an incentive to the functioning of project employees. The project staff was expected to have a positive attitude to working in people-oriented activities. This was a criterion in the selection procedure.

The status of the HPU as a separate unit made it possible to circumvent regulations applying to the LCC with regard to the acquisition of staff. This increased the possibilities of attracting capable staff.

For some specialist functions, expatriate managers were deployed. The expatriates participated in the internal training programme to pass on their knowledge and skills to indigenous managers. This increased the sustainability of the project.

The project fitted into governmental urban policy. It was instrumental in providing sufficient shelter to the urban poor. It did not help to redirect funds from urban to rural development however. This was an inconsistency within governmental policy. The Housing Act of 1974 was a clear expression of the government's concern and willingness to adapt administrative structures to the project. The willingness to create new administrative structures was also helpful, if not an inducement, towards the establishment of the HPU as a semi-autonomous institution within existing structures.

The establishment of a special unit for the coordination between the HPU and other government agencies failed. The institution was not viable, due to lack of authority of its representatives. Because the execution of almost the entire project was the responsibility of the HPU, this did not cause many serious problems, apart from some delay in the acquisition of land needed for the site-and-services project.

The success of the community-participation programme of the Lusaka squatter upgrading project is almost undisputed in literature. There was considerable support for the project from beneficiaries, although they were not involved in the design of the project. This support can be contributed in part to the improvement of the situation of the squatters. Not only were the physical conditions of their living environment improved, but their settlements were legalized as well.

The existing institution of the sole political party (UNIP) was used as the channel for popular participation at the implementation stage. Because the UNIP is traditionally strong in the squatter areas, this was regarded as a suitable way to reach a great proportion of the inhabitants. The organizational structure of UNIP appeared to be suited to the purposes of the participation programme. The use of a political party as a tool to obtain participation carries the risk of excluding opponents of the party from participation.

Participation in implementation implied involvement in implementation policy and involvement in the physical execution of the project. In project evaluations, the Field Teams were generally considered to be a suitable intermediary between HPU and the community, but whether the beneficiaries thought so too,

is doubtful. Clearly some of the beneficiaries were not satisfied with the opportunities to influence the project execution.

Involvement in the physical execution of the project was stimulated by training programmes, advisory services and provision of loans. Although the training programmes are considered to have been rather successful, the part of the project that was executed by the beneficiaries themselves was smaller than expected. This was partly caused by exogenous factors, such as an unexpected shortage of funds. This also hampered the financial involvement of beneficiaries, which had to be compensated for by the provision of loans for building materials and the like.

The influence of the World Bank was considerable at all stages of the project. This is due to the position of the World Bank as necessary participant in financing. It is not possible to trace all the effects of this influence. The involvement of the World Bank is judged positively by the Bank itself as well as by some external authors, such as Pasteur.

The AFSC played a role in the community participation programme and in the internal training programme of the HPU. Their involvement seems to have been rather successful and to have increased the sustainability of the project.

3

Conclusion

The problem dealt with in this paper was how (more) attention could be given to institutional aspects of development in order to advance the sustainability of (the effects of) development projects and programmes. In chapter 1 a guideline was elaborated that indicated how to take institutional aspects of development projects into account. An attempt was made to approach Institutional Development in a comprehensive way. The case study was meant to illustrate how this guideline can be used in the existing practice of project organization and implementation.

To try and formulate a comprehensive framework of institutions relating to development projects, first a division between exogenous and endogenous (internal and external) institutions. This division formed the basis for the discussion of the institutional aspects of development projects, but proved difficult to follow consequently. One question arising was whether the community or the beneficiaries can be seen as an exogenous institution to the project. Arguably, that is not the case. The social structure of a community can be changed by the project as well as almost all other possible characteristics. Habits, founded in long traditions, may have to be abandoned as a consequence of a development project. This may even be the objective, just as a change of sexual behaviour may be the objective of a AIDS-information programme. That is not the point here, however. The offered framework is useful to direct the attention of project designers to all institutional aspects of the project. The division of institutions clusters them in a functional way.

Clearly, sound institutionalization of the project organization in existing administrative and socio-cultural structures increases the feasibility of the development aimed at and the sustainability of the development achieved by the project. In the case study, the practicability of a range of institutional measures is demonstrated.

This does not mean that these measures all increased the sustainability of the project. One of the few cases in which an institutional measure had a clear impact on sustainability is the establishment of the HPU. Although this measure facilitated the implementation of the project, it endangered sustainability because of difficulties with the integration of the organization in existing structures.

The formation of the management teams is a good example of how socialization and professionalization can work. This was a

useful strategy to overcome the low-specific and non-competitive nature of the project.

This example of a successful approach cannot be generalized just like that. The approach was specifically developed for this project. With necessary modifications, it might work in other projects as well, but it could also fail. This holds true for almost all institutional arrangements in this case study.

The purpose of the case study was not, however, to prove the effectiveness of the institutional arrangements which were applied in Lusaka. The purpose was to show that Institutional Development is not an abstract idea, but an essential element in the achievement of sustainable development. Institutional feasibility is as important to the success of development projects as technical and financial-economic feasibility. The purpose of this paper has been to offer practical handles for taking institutional aspects into account in project design and implementation. The value of these handles should be proved time and time again in the real-world conditions of the projects themselves.

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List of abbreviations

AFSC:	American Friends Service Committee; an American private organization for development assistance
HPU:	Housing Project Unit; the implementing organization for the Lusaka Project
LCC:	Lusaka City Council
IMF:	International Monetary Fund; a multilateral financial donor organization
NDP:	National Development Plan
NHA:	National Housing Authority; a division of the Zambian ministry of local government and housing
UNCHS-Habitat	the United Nations Conference on Housing and Shelter (Habitat), now the UN centre for Human Settlements
UNICEF:	the United Nations Institute for Children and Education
UNIP:	United National Independence Party; the sole political party in Zambia
World Bank:	the International Bank for Reconstruction and Development / the World Bank; an international donor organization, providing loans
WPM:	Weekly Progress Meeting: the Management Team responsible for project execution

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