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Why Aren't Aid Organizations Better Learners?

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Organizations responsible for international development assistance have long been perceived to be slow learners. One of the main problems pinpointed in Cassen's 1986 study, *Does Aid Work?*, was that aid organizations do not seem to learn from their mistakes. The recent Swedish Foreign Ministry report (*Organizational Learning in Development Cooperation: How Knowledge is Generated and Used*, 1998) arrives at a similar, though more nuanced conclusion: that aid agencies learn, but "slowly and cautiously".

The African experience has been particularly well documented. A 1991 World Bank study of aid to African agriculture noted that sparse technology and limited local capacity had reduced the yield of donor investments, but pointed out also that aid effectiveness had been:

> limited by … narrowly defined project objectives, short time horizons, ambitious project targets, inadequate understanding of the broad policy and sector issues and their impact on project operation, and poor knowledge of the socio-cultural environment. In the evaluations commissioned by the donors themselves, these factors had already been identified as important constraints on smallholder growth. Yet this literature had little impact on donor behaviour.1

A 1996 study of aid to Africa has different notes but the same tune: "Attention has regularly been drawn to the excessive complexity of projects and the lack of realism of their demands on government capacity. Yet there is no evidence of a reduction in complexity in recent years."[2]

This paper focuses on diagnosis, on the identification of blockages to organizational learning. It is concerned especially with inadequate responses to failure, with explaining why learning from mistakes is so imperfect. Little is said directly about prescriptions, though most of these flow readily from the diagnoses. Examples of weak organizational response are drawn mainly from World Bank experience with institutional development, particularly public sector management reform. But much of the analysis is probably applicable to other aid organizations.

A word on definitions at the outset. The notion of "organizational learning" is full of ambiguities. Organizations do not learn, individuals do. A learning organization *absorbs* and *adapts* new knowledge or insights that are present in individual heads, and changes its behaviour accordingly. New knowledge is generated within the organization as its staff and management draws lessons from their activities. It is also generated outside, by practitioners in other organizations and by analysts, academic and other. Organizational learning is concerned with whether and how the new knowledge is translated into operational reality. Despite its ambiguities, it is convenient to use the term "organizational learning" as shorthand for the process by which organizations obtain and use knowledge to adapt old policies, programs and strategies, or to innovate more broadly.

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[1] Uma (ed.), 1991, p. 587.

[2] van de Walle and Johnston, 1996.

Much Learning about Development Has Occurred

The past forty years have certainly seen a lot of learning about the nature of economic underdevelopment and poverty, and about good and bad strategies or policies for dealing with it. Examples abound. We know now that identification of market failures is not by itself enough to guide action; something also has to be known about public sector capabilities. We know that the relationship between investment and growth is a lot more complicated than is assumed in widely-used models. And that the relationship between growth and inequality can not be generalized as in the famous Kuznets curve: income inequality does not invariably rise in early stages of development and decline later. We know the limits of import substitution industrialization strategies, and the limits of trade liberalization and privatization. On more workaday matters, we know that introduction of cash crops often has negative effects on rural women, that small dams are almost always cheaper, more effective and more sustainable than big dams, and that on-the-job approaches to skill development tend to be more economic and more effective than traditional vocational school training. These are only illustrative examples; of course we know much more.

So there has certainly been learning about development, and much of it has led to changes in aid agency priorities, in the design of their projects and policies and in the way they work. But much individual learning remains unabsorbed, and many flawed approaches persist for a long time.

Aid Agencies Respond Slowly to Failure

Technical assistance (TA) provides one well-known example. "Hard" or "engineering" TA—help in designing a road, for example—has a good record, and TA in well-governed countries has also been satisfactory. But TA for institution- or capacity-building in the least developed countries has been long regarded as ineffective, a clear failure. This is confirmed in evaluation studies by all donors, which show very low success rates for TA projects aimed at institutional development.

The litany of deficiencies is all too familiar: hasty and poor design of TA projects, defects in implementation such as recruitment delays, selection of unsuitable consultants, perfunctory attention to training components, sparse supervision, poor coordination between donors, lack of good local counterparts, weak local ownership and management. Perhaps more basic is excessive reliance on the resident expatriate-local counterpart model, long recognized as being a highly imperfect instrument for transfer of know-how. Many other weaknesses are cited—among them, the high cost of TA personnel, lack of cost-consciousness on the recipient side, acceptance of personnel in order to get access to vehicles, equipment, supplies.

Most of these weaknesses have been known for twenty years or more. A report on the World Bank's TA in 1982 ("The Storey Report") catalogues most of them. There has been some change in recent years, such as reduced resort to expatriates, greater reliance on local consultants and, in the United Nations Development Program, reliance on so-called "National Execution". The World Bank is experimenting with flexible, non-blueprint-type instruments. But observation on the ground suggests that much remains unchanged and that TA effectiveness in institution building remains uncertain.

Public sector management reform is another broad area of persistent poor performance. Virtually all the major instruments devised by donors over the past 20 years to strengthen state capacity have turned out to be ineffective, and creative responses to these failures have been few. This is true for example of the standard approaches to civil service reform, public enterprise management, budget process strengthening.[3]

- The typical civil service reform programs have aimed at reinforcing personnel management, reducing employment, reducing the aggregate wage bill, raising real wage levels and "decompressing" structures—raising higher level staff salaries more than those of unskilled staff, to improve incentives. These programs were launched in many countries in the late 1970s and 1980s, with Sub-Saharan Africa the target of choice. However, mid-1990s evaluations found that few African countries had effective control over payroll systems, that in only a handful of countries were employment numbers or wage bills cut significantly, that salary differentials had become more not less compressed.
- Reform of state-owned enterprises (SOEs) aimed at increased management autonomy and efficiency, reduction of subsidies, divestiture. A major instrument was performance contracting, agreement between government and SOEs on objectives and mutual obligations. Almost 600 such contracts existed in the mid-1990s, in 32 countries, mainly in Africa and Asia. A 1995 World Bank study found that between the late 1970s and the early 1990s, public enterprise sectors did not shrink, and that while subsidies fell, they were often replaced by increased bank credit. Performance contracts were largely ineffective.[4]
- The World Bank financed 250 adjustment loans containing fiscal reforms to 80 countries between 1979 and 1994. A 1996 evaluation found no improvement in budget deficit situations among low income borrowers, and a poor record on budget process reform.[5] A major instrument of budget reform had been the rolling public investment program (PIP), which was introduced in many countries in the 1980s. In the 1998 *Public Expenditure Handbook* of the World Bank, PIPs are condemned: they are said to encourage dual budgeting and poor expenditure planning (neglect of recurrent costs for example). Although white elephants are fewer, this is due to general budget constraints; the PIPs have led to little improvement in the quality of investment decisions because of their looser screening compared to regular budgets.
- Medium Term Expenditure Programs (MTEPs) and Public Expenditure Reviews (PERs) are follow-ons to PIPs. The investment programming effort was seen as too restricted, covering only a minor share of public expenditures. Donor (World Bank) staff, therefore urged that all budget resources be analyzed and programmed via MTEPs and monitored by PERs. The MTEPs are too recent to have much of a track record. But the PERs have been around for some years and are numerous; 113 of them were done between 1987 and 1993. A recent evaluation found little positive to say about their impact. It states that the

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[3] See my paper, "Aid and Failed Reforms: The Case of Public Sector Management," in Finn Tarp, (ed.), forthcoming University of Copenhagen book on aid.

[4] World Bank, 1995, A related paper stated: "(It) is clear that if the contracts in our sample are representative of the performance contracts in use; with natural monopolies worldwide, then considerable time and effort is being expended on an exercise with neither theoretical nor empirical justification." (Shirley and Colin Xu, 1997).

[5] World Bank, October 1996.

> PERs have rarely met the needs of any well-defined end-user, gave prescriptions that are dogmatic and recommendations that were "formulaic" and excessively general. They often omitted major issues and generally neglected institutional questions.

That these public sector management reforms have had so few successes is not surprising, and certainly not shameful. All institutional change is extremely difficult, and in the public sector management case novel instruments and intractable environments make it more so. The point is that the history of these reform efforts provides good illustrations of slow donor response to failure and limited capacity to adapt—that is, poor learning.

The weaknesses of most public sector management reform approaches were flagged early by World Bank staff and by others. The poor performance of performance contracts was underscored as early as 1989, and repeatedly thereafter. Yet the signing of such contracts continued to be the centerpiece of the conditionality in structural adjustment and public enterprise reform loans. And they are still used, even after their devastating critique by the authors of the 1995 *Bureaucrats in Business* study (see footnote 5). One of the main reasons given for cancellation in 1996 of a public enterprise reform credit in Guinea was failure to meet the conditionality on performance contracts.

The PIP experience is similar. Some management specialists and others sounded alarms about the dangers of dual budgeting and other deficiencies in the PIP approach as adopted throughout the 1980s. Yet rolling PIPs remained popular in World Bank and other donor reform programs in the least developed countries. Although depicted as a terrible idea in the Bank’s latest *Public Expenditure Handbook*, limited observation suggests that many countries continue to produce PIPs.

Civil service reform efforts continued along more or less the same path for more than 15 years despite an almost unbroken record of disappointment—missed targets, patchy implementation, backsliding, persistent civil service disarray. The donor response has tended to emphasize the need to place civil service reform in the broader context of general public management reform. Some are turning to more sophisticated, decentralized approaches, drawn from industrial country experiences, and usually called "New Public Management".

Despite the limited yield from public expenditure reviews (PERs) in the poorest countries, the PER process and related institutional issues were little modified until the late 1990s. The glaring problem of lack of local ownership was neglected; in the 113 PERs completed up to 1993, only three included local members on the review team, not one in Africa where most were done and where the ownership problem was most acute. It was not until the late 1990s that more diversified approaches to PERs appeared, and more attention was given to problems of process and the cultivation of local ownership. In new emphases on aid pooling and general budget support the Public Expenditure Review is now being given a crucial role in expenditure monitoring. The belief remains strong in the World Bank and presumably among some other donors that this profoundly intrusive instrument can reconcile two objectives—provision of technical advice and independent assessment of public finances. This seems unlikely in the light of past experience.

Explaining Poor Aid Organization Responses to Failure

How can we explain slow and hesitant knowledge absorption in many aid organizations, and especially the sluggish response to program failures illustrated here by the technical assistance story and by the World Bank's experience with public sector management reform? Three sets of factors are at work. The first consists of learning-obstructing elements in aided country environments. The second relates to shortcomings in formal evaluations. The third concerns internal aid organization characteristics.

The Nature of the External Reform Environment

Effective aid interventions—those that are growth-inducing, poverty-reducing, capacity-enhancing and sustainable—are extremely difficult to conceive and implement in developing countries. Institution-building programs are especially complex. The technical problems to be attacked are complicated; knowledge about how to deal with them is always incomplete. Social and political obstacles are formidable. Difficult judgements are required as to institutional readiness and political commitment. Program acceptability usually requires compromise and bargaining. All of this makes for hazy conceptions of what is right and what is wrong. It means that it is almost always difficult to extract clear "lessons" from failed projects and programs.

Along with the general complications due to the complexity of individual country situations, other lesson-diluting factors exist. The "market" for aid agencies is enormously *diverse*. It consists of countries at different stages of economic development, with vastly different histories and cultural endowments, different social and political conditions—countries therefore with very different capabilities to manage national resources and institutional change. Aside from making the development task generally more demanding, one learning-related implication of this diversity is that the transfer of experience is made more difficult. It is not easy to apply lessons from one part of the "market" to another because of the variability of basic conditions.

A former department director in the World Bank tells me that every year the Executive Board would ask: What is the Bank doing to see that the staff learns from the many "lessons" emanating from the reports of the Operations Evaluation Department? He would distribute relevant reports and have a meeting to discuss them. The staff would say: "None of this applies to me. The situations I confront are unique."

A related aspect of diversity, less noted, is that it makes intra-country capitalization of lessons more difficult. I call this the "It worked in Peru" phenomenon. My first developing country job was as planner/economic advisor in Liberia, heading a team of economists in that country's planning agency. One member of our team had worked in many other developing countries, among them Peru. He was a formidable advocate, technically strong, articulate and self-confident. In agency debates about proposed projects and policies, his voice carried heavy weight. In many cases, project ideas that seemed to others and me in the ministry to be completely inappropriate and wrong-headed were passed at his urging. Some of us would say, for example, of a cooperative irrigated rice growing scheme being proposed by the Ministry of Agriculture (with the FAO): "That can't work: relative costs and prices are wrong and the local people don't like working in water." He would say: "But it worked in Peru", where he had seen it. That argument, put forward aggressively, carried the day. We approved a number of projects that way, most of which turned out to be losers, ill-adapted to Liberian realities. (And I have never found out whether they actually worked in Peru.)

In addition to their diversity, individual aid "markets" (aided countries) are also changing over time. More people graduate from schools, new roads and other infrastructure investments come on stream, administrative reforms are introduced, government revenues increase as export sectors develop. And decision-makers change: ministerial reshufflings lead to replacement of ministers and other top officials. Changes are always occurring also on the donor side, as staff turns over and priorities are reordered.

One result is that it is hard to kill failed ideas of the past. Some were implemented with bad results, others were shot down by screeners. But both often reappear. Donor and local project developers remember them or find them in old files, and rework them. They often say to those who are sceptical because of past experience: "Oh, that didn’t work then (or was rejected) because we didn’t have roads or access to electricity or trained people. Now we have more of those things, so it will work." New players also can (and often do) point to other reasons why past failure is a bad guide to present action. They say it was due to poor design, or to the incompetence of the previous decision-makers and implementers. Advocates say that they now have a better project and a more competent team. (In addition, usually, to promises of financing from some donor.)

Another result, perhaps more internal to aid agencies than external, is the adoption of ideas and approaches that have been made unsuitable by changes in the environment. Examples are the logical framework concept, which has been adopted by most donors in recent years, and donor "results orientation", emphasized for example in the US Agency for International Development. The use of the logical framework for project cycles has been touted as the greatest innovation in evaluation in many years. And spokesmen for USAID have extolled the effectiveness of their "reengineered" agency, with its focus on performance indicators and results. But these innovations are being adopted at a time of great change in developing country needs and development assistance priorities.

Higher priority now is being given to institutional change, capacity building, governance - areas of intervention for which the new aid approaches are least applicable. Blueprint approaches such as are incorporated in the logical framework concept are not right for these new activities. Their objectives are more diffuse and softer, the paths to change are less well understood than, say, infrastructure projects. Performance indicators are fewer and more debatable. Present needs, then, are for more flexible, experimental approaches, not for refined logical framework concepts.

Similarly, results orientation may result in neglect of high priority but poorly-quantifiable objectives, as in the USAID results reports, where you can find out how many classrooms were built and the number of outpatient visits, but practically nothing about institutional reinforcement. Capacity building is almost never mentioned in these voluminous reports.

Two other aspects of aid "markets" have contributed to learning blockages. First, the poorest, most heavily aided countries have enjoyed excess supply of aid project money over most of the past two decades. And they have had access to a large number of donor agencies. It has been common for one donor to abandon a project that is going nowhere, only to have another donor take it over. Lessons about effectiveness are muted in those cases.

Secondly, there is a lack of autonomous intermediaries in heavily-aided countries.[6] Government agencies, universities, NGOs have come to rely on external financing. Donors spend much of their "dialogue" in discussion with captured institutions and officials who are direct beneficiaries. The emphasis on "partnerships" in recent years may have reduced the severity of this problem. But it is unclear how genuine many of these partnerships are, given the differences in power and knowledge between the aid donors and their local partners.

The result is that feedback has become distorted and often unreliable. The "true" nature of the demand for aid projects is harder to determine. Projects conceived and designed by donors sail through host country approval mechanisms without being seriously vetted. In the policy area, donor dialogue is mainly with core economic ministries, with officials whose views are closest to those of their donor partners but which often are not widely shared within government. What is most pertinent from the learning perspective is that genuinely critical dialogue, the best source of feedback, is rare, narrowing the information flow to donors about what is really happening.

Evaluation Shortcomings

Formal evaluation should be a major instrument of organizational change. It should uncover failure and induce organizational response. It should be the provider of lessons learned from specific aid agency projects and programs. There is widespread agreement that in development assistance, evaluation has not performed these functions well, particularly with respect to institution-building activities.[7]

One problem for their lack of impact is their sheer number. Worldwide many thousands have been done in the past two decades. In the Sahel countries of West Africa alone, one count found more than a thousand. These are usually large documents. A visit to an aid agency office anywhere reveals desks groaning under the weight of these reports, and shelves piled high with them. Aid agencies do some syntheses of their own evaluations, but not many and not often.

Evaluations are read by few people. They are often regarded as confidential. Inter-donor circulation is slight. Local diffusion is also restricted, formally or informally; a copy may go to the government agency directly involved, and perhaps to core economic agencies. But often they are not distributed to beneficiaries at all. Rarely do they find their way to the press, research institutes, universities.

Evaluations are rarely subjected to serious debate. The beneficiary in World Bank projects is given the opportunity to comment on the completed draft report, and some do. However, the responses are usually perfunctory, unless the evaluation is critical of recipient performance. I have often presented critical evaluation reports to aid agencies, with little reaction.

The evaluation process has numerous objectives: to guide aid agency decision-making; to audit implementation and establish accountability; to draw lessons for future application; to provide a framework for dialogue, including with beneficiaries. In practice, the accountability, learning and dialogue objectives usually receive less attention, lower priority, than the objective of improving decision-making. This is evident in the lists of "lessons learned" appended to many aid agency project/program

[6] See Naudet, 1999, Chapter 7.

[7] See Naudet, Chapter 8, and Picciotto and Weisner, 1998.

evaluations. These are almost always banal, uninformative, so general as to apply to any project anywhere: don't overestimate government capability; make sure government is committed; choose TA personnel more carefully; consult with beneficiaries, etc.

This is certainly understandable. The primary objective of a program evaluation should be to improve performance. This is especially so for mid-term evaluations, where the aim is to correct for mistakes or unforeseen changes that are reducing program impact. A contradiction is invariably present: the evaluator will be more effective in putting a faltering project (or its follow-on) on course if he minimizes or disguises his critical observations. There is thus no point in making a plain-speaking, hard-hitting evaluation, one that could be a useful piece of institutional memory, since that will be taken as an indictment of project designers, implementers and supervisors. It will make them, and the organization as a whole, defensive and less open to change. (If an outside consultant is doing the evaluation it could also threaten future business.) It is better to downplay past errors, use code words to suggest that they exist, and move on to the main task at hand: making the project work better. The consequence, however, is that the evaluation is not much use for learning how and why things are working well or badly. It is therefore not much of an addition to institutional memory.

A final reason why evaluation has not performed its learning function well is the scarcity of impact studies. Traditionally, donors do mid-term evaluations to make mid-stream adjustments where needed, and project completion reports, which are done shortly after final disbursements, to confirm whether inputs and "results" (road mileage or school buildings constructed, training courses provided, etc.) were as planned. Nowadays some donors, such as the World Bank, do country assistance reviews and sectoral assessments. But very few impact studies can be found—that is investigations three, five or ten years after project completion—which look at outcomes, expected or unexpected.

Internal Organizational Factors

These are presented in no particular order. Some seem to apply to aid organizations as a group, or even to bureaucracies in general. Some are much more specific to particular agencies. My main organization of reference is the World Bank.

Several important but well-known factors need little elaboration. One is the high rate of turnover of aid agency staff. One World Bank public enterprise reform project in Guinea had four task managers in two years. Task managers changed five times the first three years of a large and very complex public sector management project in Argentina.[8] One reason is that job changes are a major path for promotion; average tenure in a post rarely exceeds three years. In the World Bank the two major restructuring exercises since 1987 have led to massive and frequent reshuffling of management posts.

A second much-commented-upon organizational feature is the sluggishness of horizontal information flows. Experience of each regional and functional/sectoral unit tends to circulate mainly within the unit, only slowly and partially seeping into other units. A rather less well-understood problem is the risk of clogged vertical information flows. Supervision is done by task managers of variable experience and competence. Their reports and evaluations provide (in the World Bank) the main input to organizational memory concerning project implementation. Anyone who has

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[8] Buyck, December 1989.

skimmed through project archives will testify that these reports are often uninformative and sometimes misleading.

If an organization has great competence in a particular line of activity or approach, it will be indisposed to move away from it, despite evidence of past ineffectiveness and the emergence of new demands arising from changed priorities. Several examples in the development assistance area are illustrative.

One is the attachment to blueprint approaches to project design and implementation; it is related to the logical framework point made earlier. Blueprint approaches are fine for projects with objectives that are narrow in scope and fairly precise in expected outcomes, and where the terrain is well-known and predictable. In many donor agencies, the World Bank for example, the tradition calls for clear definition of the problem and a precise statement of how it is to be resolved. But technical assistance projects and institutional development activities rarely have these characteristics. Especially in such areas as public sector management, the problems are complex, the objectives diffuse and often not measurable. The degree of uncertainty and likelihood of unforeseen change are high. The state of the art is thin.

In these circumstances, adaptive or process approaches are called for, but these have been introduced only in the last few years. Such approaches moreover require flexible structures and procedures, and a staff of motivated self-starters. But the kind of pragmatism and adaptability required are not abundant in most aid agencies. Moreover, adaptive approaches demand close and regular monitoring of evolving projects and lots of staff involvement. But traditionally, project identification and appraisal get much more attention than supervision. In the World Bank for example, appraisal gets two or three times as much effort as supervision, which staff regard as a low-value, low-priority activity.

The priority given inside the Bank to analytic questions as opposed to matters of process is another example. Few observers fail to comment on the enormous amount of time and skill devoted to analysis in that organization. This has great benefits, but also risks producing distorted diagnoses of what has gone wrong in projects in assessing the organization’s activities. The organizational inclination is to give too much weight to analytic shortcomings, too little to matters of process such as neglect of ownership and limits of local capacity.

One example, a 1996 evaluation of fiscal reform programs puts the blame for the modest achievements of those programs almost entirely on analytic shortcomings, as though the poor past results in fiscal reform derive from inadequate knowledge and technical ineptness.[9] But process deficiencies were almost certainly more important, and they receive little attention. The word "ownership" does not seem to be mentioned even once in this document. Moreover, the recommendations give little place to local participation, ownership and commitment. They call for expansion of reform scope and a deepening of supporting analysis.

The same flavor marks Bank reviews of PERs prior to 1998. Process and institutional issues received until very recently surprisingly little attention—a sentence or two on ownership here, a paragraph there about broader participation, perhaps a page or two on budget institutions and decision processes. The accent was clearly on technical deficiencies and the analytic shortcomings of the exercises: the inadequate theoretical basis in the reviews for intersectoral allocations, excessive focus on inputs and neglect of outcomes, failure to discuss the public-private mix, frequent lack of the

[9] World Bank, 1996.

most basic data, such as functional-economic classifications, and thin analytic approaches to integrating capital and current expenditures. Some operational weaknesses are mentioned, such as long lags between the departure of the PER missions and the appearance of the reports, and failure to follow up on recommendations. But analytic weaknesses are given pride of place, with ownership and institutional concerns a distant second.

Why despite innumerable warnings and exhortations do donors, in particular the World Bank, continue to overestimate local commitment and capacity, and continue to design overly complex projects? One reason is the enduring power of the pressure to spend, which inclines staff to take an optimistic view on these matters. Another is endemic hubris—a belief among many staff that all obstacles can be overcome with money, intelligence and effort, and that all of these will be forthcoming. A third is a Christmas tree propensity in project design, which is encouraged by the decision making system. Program designers find it hard to resist requests to add components, even when local commitment is uncertain and capacities (the Bank's and/or the recipient's) are limited. How can a rural development project not include a gender-oriented component? How can the designers of an economic management support project resist the pressures of the divisions concerned with governance to add a legal/judicial reform component, despite lukewarm recipient commitment and slender Bank capacity to supervise?

This is an example of internal processes driving the organization's programs, leading not infrequently to neglect of lessons of experience. Another example comes from the nature of top leadership. Agency heads are political appointees. They also have short tenure, at least in the World Bank case. To establish his credentials, to show his "leadership" and to make a splash on the development scene, the agency president is tempted to make new initiatives. Often these are not new and not good initiatives. President Wolfensohn's proposal to develop Comprehensive Development Frameworks is the best current example. This collage of old ideas ignores similar initiatives of national governments and other aid agencies and is vague as to objectives; it is not clear what problem it is mainly intended to resolve. The fact that it emerged at all is not only an indication of the strength of the "new initiative" impulse at the top, but indicative also of World Bank incapacity to bring its own staff knowledge to bear on decision-making, its inability to assure careful assessment of its own initiatives.

Political environments, internal incentive structures and divisions of labor are not conducive to learning from mistakes. It is not clear that anyone receives kudos for acknowledging error and addressing it. Indeed, to express open doubt about projects or strategic initiatives is usually unhealthy. Top leadership sees criticism as evidence of resistance to innovation; critics come to be regarded as part of the organization's problems. In some agencies this distrust of criticism is exacerbated by a hostile attitude towards foreign aid in the donor country's political environment, and a sensitivity to critics who are ready to decry waste and inefficiency. Within the organization criticism and exposure of errors can be regarded as traitorous. All of this obviously erodes the organization's capacity to benefit from experience, especially from mistakes.

New project generation, "innovation" and the volume of spending receive highest marks. Despite exhortation to the contrary and some improvement, moving money is still the best way for staff to move up the organizational ladder. With respect to division of labor, different people appraise, design, implement, supervise and evaluate. Everybody presides over someone else's project, which will be evaluated by a third person—an arrangement not conducive to effective learning.

There is, finally, the difficulty of customizing interventions to fit individual country circumstances. The developing country environments are so complex, and so diverse, the state of the art often so rudimentary and time available so short, that donor staff have to resort to off-the-shelf solutions, to current "best practices". These are often very general, with uncertain foundations and probably dated. But it is not clear where else to turn. Detailed knowledge of local institutional settings is too limited to permit starting from scratch, as it was. This has contributed to the overly standardized character of most projects.

In any event, sensitivity to country-specific institutional constraints has never been a strong point in World Bank operations, nor perhaps those of most donors. A 1994 survey found that one-third of Bank staff members working on privatization believed that the greatest weakness in Bank operations was inability to customize programs to country-specific needs.[10] The 1998 Bank evaluation of PERs hit similar themes, but also revealed some incongruities. It found that African PERs showed less awareness of institutional constraints than those in other regions, despite the generally higher level of institutional sensitivity among staff in that region. The Africa regional staff may thus know better what to do but appear less able to shape their interventions accordingly.

Conclusion

This paper has reviewed obstacles to aid organization learning due to complexity, diversity, and change in aid country environments; to deficiencies in evaluation; and to internal aid agency characteristics. Aid aimed at institutional development has been the primary functional concern, the failure to learn from mistakes the main form of learning considered, the World Bank the main source of organizational insights.

The analysis rests on personal experience, conversations with other practitioners, donor and other literature. It contains little that will surprise most practitioners, though it makes clear that organizational learning in the aid business is enormously difficult, far more so than for most other organizations. Few organizations have to deal with external environments so complex and so dynamic, with so much suspicion or hostility in their political environments, with so many anti-learning elements in their organizational culture.

Clearly describing the nature of the beast is of course only the first step, though a crucial one. The question of what to do remains. How can the identified obstacles be overcome, and aid agencies made more effective learning organizations?

At this point, I have little to add to the conventional wisdom on these questions. A lighter hand on program identification, more genuine partnership, more attention in general to process issues and ownership—donors have talked about these good ideas for almost a decade. Decentralization and better internal and external networking are also part of donor reform agendas. We can continue to exhort aid agencies to respond to lessons of poor performance—to design TA projects more slowly and more collaboratively, to hire staff more sensitive to institutional constraints, to do closer analysis of these institutional issues for all country strategies and projects, to more vigorously restrain overly ambitious programs and reward staff for prudence and for supervision, as well as for moving money. More impact studies would help clarify

[10] World Bank, 1994.

failures and successes. More use of outsiders for evaluation would probably increase their candor and hence their usefulness.

Many more suggestions of this kind are possible, are indeed already on the table in donor circles. To define them better and to assess their desirability and feasibility much more needs to be known about what has happened to recent donor reforms. After all, the 1990s have been marked by wider recognition of the problems catalogued in this paper and moves by aid agencies to respond to them. The next step has to be to find out how many of the announced changes in donor approaches have actually been implemented and how they are working.

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