

KEY PROBLEMS IN DEVELOPMENT
ADMINISTRATION

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STAFF PAPER

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EXCERPT

PROBLEM #3 - THE INADEQUACY OF PROJECT MANAGEMENT: The lack of soundly conceived, well-managed development projects

I. Problem Area

More and better development projects are needed in the low-income countries-- projects which are better planned, implemented, and integrated for the achievement of national plans and goals. Sound projects are needed for both domestic and foreign financing.

The need for a stream of superior projects has been apparent for some time. International lending agencies have repeatedly deplored the lack of suitable projects for funding. One regional bureau officer in AID holds that there are less fundable projects in his region than loan funds available for them. The cutting edge of development is at the project level, since it is the project that translates macro-planning and sectoral programming into units of action. The significance of this deficiency is apparent in the lowered tempo of development; precious time and opportunities for effective utilization of national resources have been irretrievably lost.

In responding to this well-established need, AID, the World Bank, the IDB, and other assistance agencies have sponsored increased training for project designers and project appraisers. There is, however, ample evidence from field experience that the problems associated with achieving an increase in the number of sound, well-managed development projects go beyond the adequacy of trained technicians. Based on our analysis, the following key factors affect the quality and rate of project development and implementation.

II. Deficiencies in the Current Situation

1. Lack of top level support

There is a need for political executives and top administrators (ministers, the heads of planning and budget offices, directors general of major bureaus) to appreciate the analytic and decision-making process essential to sound project formulation, approval and implementation. Some experts feel that the crucial factor is not so much the analytical methodology in developing projects as the decision-making at the top levels to support project development (i.e., policy and implementation follow-up).

2. Need for an institutionalized project process

There is a lack of institutionalization of the process for project planning, approval and implementation. This institutional process has to link the planning effort, budgeting and financial activities and the technical offices that are charged with the implementation responsibilities. The institutional process refers to a viable system for relating these functions either within government or in other agencies concerned with project formulation and execution.

3. Need for a comprehensive analytical framework

There is a need for a more comprehensive framework of analysis for project planning and implementation. The major portion of the analytical framework for projects tends to be economic and financial in nature. This is appropriate, especially for income-generating projects, but there is a clear need to expand the analytical methodology to include the organizational and managerial aspects, manpower aspects, and, for those projects in which AID has a concern, civic and social development aspects. The emerging U.S. concern for environmental impact and second order consequences is also needed in IDC project planning.

In addition to broadening the framework of the analysis, there needs to be a design and appraisal methodology that is realistic in terms of the data available in the developing countries and the skill levels of the project designers and appraisers.

There is a further need to relate project design to the larger sector and alternative project choices available. The World Bank has found from years of experience that one of the cardinal principles of project design is to relate it to a sectoral analysis, even a rough and ready analysis of a larger systems framework within which to design and analyze a discreet project.

4. Lack of country capacity for training, consultation and research

There is an established need for trained manpower in the design, evaluation, and implementation of projects. This need extends not only to professional project analysts, but also to substantive technical people who need capstone training in project design. For example, agriculture, education, health, and public works people. There is also a need to train administrators in the execution of major projects.

If the capacity for project management is to be expanded rapidly, there is an apparent need to strengthen the capacity of the LDCs to undertake their own training of project designers, evaluators and administrators. People trained to perform the underlying research and consulting services to a variety of governmental and private institutions are also needed. The World Bank reports that an increasing number of foreign officials request training in project planning. The demand currently exceeds available IBRD training capacity.

5. Inadequate attention to project implementation

Within the field of project management, there is a need to differentiate between project preparation and analysis, and project implementation. The latter requires different people, different skills and different subject matter.

Too often, the phase of project implementation is neglected in favor of project design and analysis. The World Bank, for example, teaches project preparation and analysis, not project implementation. One of their project analysis trainers feels that the business schools and some private consulting firms have the greater capability for teaching and consulting on the implementation phases of project management.

6. Inadequate use of new techniques

There is a need to examine the newer developments in project management, which are commonplace in much of American industry and in U.S. administration of defense and space programs. Most common are the acronyms, PERT (Program Evaluation and Review Technique), and its offshoot, CPM (Critical Path Method). Modern project managers are expected to know about planning, budgeting, forecasting, estimating, cost/schedule reporting, project monitoring and project control administration. For large-scale projects, they have to know about computerized data processes of "feedback" into the revising of operations, and "feedforward" into revised planning. We need systematic ways to adapt the newer concepts and techniques of project management for use in the developing nations.

7. Need for interdisciplinary and intersectoral approaches

Project development is complicated because, if well done, it is multi-disciplinary and multi-sectoral in nature. Usually a project involves inputs from at least one technical field (e.g., agriculture), as well as engineering, economic, administrative, and political ingredients. Projects can occur in one or more sectors and fall within the private or public sphere of activity, or both.

The foregoing factors indicate that assistance to the developing countries in project management (including planning, evaluation and implementation) is complex. Joint project approval and monitoring by assistance and lending

agencies working with the developing countries is equally or more complex. Any uni-dimensional approach such as supplying more trained technicians, or improving analytical methodologies or stressing the efficiency of administration is not likely to succeed in providing an appropriate blend of factors for a given country to increase the quality of its project management. There is a need to formulate a broader, better coordinated approach to the problem of improved project formulation and implementation.

The ultimate objective, of course, is to provide a stream of clearly superior projects that are well managed. This overall goal requires an institutional ability within the developing country to plan, evaluate and implement such projects along with the institutional capability to undertake the necessary training and consulting services for this process. This institutional target, in turn, requires a conceptual framework within which to plan and strengthen the components of a project development system (including trained manpower, methodology, and a system for maintaining and improving the project formulation system in relation to national planning, budgeting and execution processes). Obviously, the major lending and assistance agencies in the world can facilitate this process to the extent that they can agree on the specifications and requirements for project design and approval. An auxiliary target, therefore, is to increase the communication and the coordination among major assistance agencies in these matters.

The direct focus of this paper is on the quality of LDC project management. Further study will be needed to relate LDC needs to current efforts to improve the quality of Agency project management. Of particular relevance are the Staff Report on Project Management by the Herder Study Group, and the Robert Nathan contract being negotiated to provide guidelines for Agency capital project analysis.