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PD-TAF-509-

PROJECT AUTHORIZATION

1. PROJECT NUMBER 931-11-720-937	3. COUNTRY Interregional	4. AUTHORIZATION NUMBER 0113
2. PROJECT TITLE MODERNIZING MANAGEMENT FOR DEVELOPMENT		5. AUTHORIZATION DATE 81
		6. PROP DATED April 28, 1971 20

7. LIFE OF PROJECT

a. Number of Years of Funding: 8
Starting FY 1971; Terminal FY 1978

b. Estimated Duration of Physical Work
After Last Year of Funding (in Months): 12

FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS (000s)		P.L. 480 CCC + FREIGHT	LOCAL CURRENCY Exchange Rate: \$1 =			
	GRANT	LOAN		U.S. OWNED		HOST COUNTRY	
				GRANT	LOAN	JOINTLY PROGRAMMED	OTHER
Prior through Actual FY							
Operational FY 71	150						
Budget FY 72	85						
B + 1 FY 73	120						
B + 2 FY 74	130						
B + 3 FY 75	135						
All Subsequent FY's	520						
TOTAL	1,140						

9. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

CLEARANCES: AFR/TAC: M.S. Belcher - memo dtd. 4/8/71 (clearance subject to conditions listed in penultimate paragraph)
LA/DP: A. Boehme - memo dtd. 4/21/71
VN/ID: M. Salter - memo dtd. 3/26/71

NON-CLEARANCES: TA/TECH: R.R. Johnson - memo dtd. 4/13/71
NESA/ID: B.C. Newbry - memo dtd. 3/30/71

10. CONDITIONS OF APPROVAL OF PROJECT Funds are approved for FYs 71 and 72 subject to complete review of the project by the Agency not later than December 31, 1972. The purpose of the review will be to determine whether sufficient progress has been made and is in prospect for the future to merit its continuation. All facets of the project will be examined, but particularly the knowledge base which is to be developed and tested in the first 18 months of operations. It will be considered against the contractor's work plan for the following 12 months with regard to cost effectiveness; i.e., whether the knowledge base is considered sufficiently practical and utilitarian to promise an eventual payout commensurate with the funds and time invested. Thereafter, the project will be evaluated annually, if it is decided at that time to continue it.

(Use continuation sheet if necessary)

11. Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitudes and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL SIGNATURE AA/TA, Ervin L. Peterson TITLE	CLEARANCES TA/PM, J.H. Kean TA/PM, K.S. Levick TA/DA, W.J. Siffin A/CONT	DATE
		5/14/71
		5/15/71
		5/14/71
DATE 5/17/71		

NONCAPITAL PROJECT PAPER

Country Interregional Project No. 931-11-720-937

Submission Date 4/28/71 Original X

Project Title: Modernizing Management for Development

U.S. Obligation Span: FY 1971 through FY 1978

Physical Implementation Span: FY 1971 through FY 1979

Gross life-of-project financial requirements:

U.S. dollars 1,140,000

AW 3-2388 (3-67)

Table 1
Page 1 of 2
COUNTRY:

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

PROP DATE Mo/Day/Yr
Original 3/18/71
Rev. No. _____
Project No. _____

Project Title: Modernizing Management
 for Development

Fiscal Years	Ap	L/G (N/A)	Total	Cont ^{1/}	Personnel Serv.			Participants		Commodities		Other Costs	
					AID	PASA	CONT	U. S. Agencies	CONT	Dir U. S. Ag	CONT	Dir & U. S. Ag	CONT
Prior through Act. FY 1970	-												
Oper. FY <u>71</u>	150			150									
Budg. FY <u>72</u>	85			85									
B + 1 FY _____	120			120									
B + 2 FY _____	130			130									
B + 3 FY _____	135			135									
All Subs.	<u>520</u>			<u>520</u>									
Total life	1,140			1,140									(Approx. 50% pers. serv., incl. contract overhead)

^{1/} Memorandum (nonadd) column

Note that format of this page is same as E-1a.

If a second page of table is used, space year-line entries on second page at same location as on first page.

AID MANUAL CIRCULAR
 TRANS. LETTER NO. 9:104
 EFFECTIVE DATE MAY 29, 1967
 PAGE NO. A-1
 CIRCULAR NO. 1025.1, Act. A

MODERNIZING MANAGEMENT FOR DEVELOPMENT

SUMMARY

This project is intended to help the LDCs increase management capacity for development, especially the capacity to plan, implement, and evaluate sectoral programs.

The lack of managerial capacity to meet programmatic needs (often stated as failure in plan implementation) has been widely documented in program analysis by AID Missions, the IBRD, and other international assistance entities. Managerial skills rate very high on the "manpower needs" agenda of the developing nations and will continue to do so for the foreseeable future.

Management capacity can be strengthened by expanding the knowledge of managerial principles and improving skills and attitudes, by better selection and utilization of managerial talent, by introduction of better techniques, and by changes in organization. The United States can play a very useful role in helping the developing countries achieve these improvements by working through management service institutions in the developing countries. These include institutions with educational, research, consultative, and professional exchange functions. Selected schools of business and public administration, development administration, and the development professions (health, education, etc.) are of greatest interest.

This project will provide a means to collect, appraise, and transmit knowledge, techniques, and experience to LDC management service institutions, and to foster adaptation and application of improved management systems. By strengthening training, consultative, and research functions of LDC institutions the project will have an impact on the continuing need of the developing countries to strengthen the management capacity of organizations implementing development programs.

Major outputs will be: (1) a handbook on management of development programs, and training materials packages, including:

- (a) program and project management
- (b) resource allocation and budgeting
- (c) information management for program decisions
- (d) networks of organizations in continuing development programs
- (e) managing technological campaigns
- (f) others, as needs are determined;

(2) a materials utilization program to help assure wide distribution and use of the materials in the developing countries, (3) a management education/consultation program for intensive "field lab" work with selected LDC institutions, and (4) an "institutional growth" program to help selected management service institutions share experience in obtaining support, strengthening linkages with other institutions, and serving clients.

To help assure the relevance of project outputs and the adaptation and utilization of materials in LDC training, the project will be carried out in close collaboration with LDC institutions and with TC field operations of AID or other donors. The project will be administered by TA/DA in close collaboration with the Regional Bureaus and interested Missions. It will be executed by U.S. contractors, and will be guided by advice from AID and external experts in public and business management, sectoral management, and related disciplines.

This project is mutually reinforcing with a new FY 71 project, Management Capability for Agricultural Development, planned for four year implementation.

SETTING

We believe more emphasis . . . should be placed on institution-building--the designing of organizations and management methods needed to implement development projects and programs, and the training of personnel required to perform the administrative, technical, and professional work involved. ---
Committee for Economic Development, Assisting Development in Low-Income Countries: Priorities for U. S. Government Policy

As mentioned above, the lack of managerial capacity to meet programmatic needs has been widely documented. There is wide agreement with the view of the UN Secretary General that "deficiencies in administration have been a major reason for past failures in the implementation of national development plans." AID/W has identified this problem area as one deserving attention under the TA Bureau's key problem process. Deficiencies in the current situation are specified in some detail at pp. 5-15 in the TA/DA staff paper, Key Problems in Development Administration.

Buttressing technical skills

Development manpower requirements have been thought of principally in terms of economists, planners, financiers, and technically qualified sectoral specialists. Recently, careful analysts of the development sectors have come to the view that these technical and professional skills should be augmented by the explicit addition of managerial skills in sectoral programs. As former Brazilian Planning Minister Roberto Campos put it, "the scarcest factor of all is the ability to combine existing factors."

A heavy majority among a dozen U.S. university directors of international programs with whom the problem of participant training has been discussed in recent months strongly agree with the views of

the Dean of International Programs of the University of Minnesota:

In general, participants receive an excellent education in a specific field such as plant pathology or medicine. However, they return home and within a year very often become directors or administrators of a university unit or government agency. What background do they have? All they learned in the United States were very technical things in a specific field. University personnel should give serious thought to the current curriculum for foreign students. There is a real need to expose these students to public administration in general and institution building in particular.

The Office of International Training is responding to this problem in one useful way by establishing an experimental short-term management training program for participants in the U.S. It will be carried out by one or two U.S. contractors. Individual U.S. Universities, including U.Cal/Davis and Michigan State University, have also indicated interest in strengthening their on-campus programs for foreign students by the addition of managerial studies.

Main impact via LDC institutions

While this project will support U.S.-based education and training efforts, its major intended impact is in LDC institutions where the problem of building managerial skills for development must be dealt with on a continuing and expanding basis.

The large number and variety of well-established LDC and multilateral institutions with interest and competence in development administration is a vital element of the setting in which this project is undertaken. High professional standards, commitment to developmental change, and international sophistication are now readily found.

This is not to say that the output of these institutions (in terms of selection of students, quantity and quality of training,

consultation, research, influence on management processes, etc.) is adequate. The concern about the quality and relevance of outputs of educational institutions voiced in the U.S. in recent years is certainly an appropriate concern as regards management education in the developing countries. The consequences of mediocre outputs in the U.S. and other developed countries are mitigated by existing large numbers of educated people, a high degree of flexibility and adaptability within organizations, and a greater capacity of the environment to absorb the costs of managerial deficiencies. In the low income countries these luxuries are not present. The opportunity costs arising from organizational and managerial inadequacies--which might be ameliorated by better education and institutional services--are often enormous.

If the schools and institutes whose main concern is management are not always purveying the best available knowledge and techniques, it may be expected that technical and professional schools with other primary interests are lagging still farther behind. The evidence that has been examined in the preparation of this paper suggests that this is often (but not always) the case.

U. S. competence

The United States has much to contribute to the modernization of management in the developing countries. The U. S. comparative advantage is the result of at least three interrelated factors: (1) the application of enormous resources to the development of relevant knowledge, both within social science fields and in professional schools; (2) a vast experience base, consisting of the testing and

use of that knowledge in practical circumstances (plus a continuing interchange between generators and users of knowledge); and (3) capacity to adapt experience-tested knowledge to new needs and circumstances, including those of LDCs. Over the past two decades the U. S. has accumulated many hundreds of man-years of first-hand experience with both public and private management problems of the developing countries. This project can build on that experience.

STRATEGY

This project is ultimately intended to serve LDC users of management knowledge. It will serve them through intermediary products (training materials, etc.) and institutions. The strategy of working with intermediary products and institutions is described below. It is important to recognize that the five elements are not necessarily sequential. For example, work with overseas institutions can begin concurrently with the development of training materials.

(1) Consolidating Knowledge

The first element is consolidation of high-quality knowledge about development-oriented management drawn from experience in both the developed and developing countries. The emphasis will be on knowledge which has wide utility within different sectoral programs and in different countries. A first approximation of this knowledge can be assembled in the United States rather quickly, but it is essential to provide feedback from end-users to test relevance and to continuously weed out the less useful to make room for the more useful.

The purpose of consolidation is to promote economy of learning.

Development administration specialists needs a solid core of the most important knowledge upon which to build their competence. Specialists in the substantive development sectors (health, education, etc.) who have management responsibilities need to master a substantial body of managerial principles in the shortest possible time. Alternative demands in preparatory education and job pressures on those already in managerial positions preclude heavy expenditures of time in learning management.

The reference above to "high-quality knowledge" does not imply esoteric or highly specialized knowledge. The situations in which operations research is applicable are important, but relatively few in number. Those in which it is important to apply less sophisticated quantitative approaches are legion. The responsible executive needs to appreciate the capabilities and limitations of a variety of management tools, to know which can be handled by existing staff, which require experts, and the approximate costs and benefits of using alternative tools. He also needs to understand the organizational implications of the use of various managerial approaches.

(2) Packaging Materials

The second element is packaging the managerial knowledge (training materials) in ways which promote effective communication to the end-user. Basic materials will include a readily-grasped overview of development management modelled on Arthur T. Mosher's Getting Agriculture Moving. Each package on a particular subject will include essential concepts, readings, and practical cases which illustrate important principles. Taking full account of costs,

consideration will also be given to use of films and filmstrips, microfiche, videotape, or other advanced media.

Translations and regional adaptations will be arranged wherever possible at no cost to the project. A preliminary discussion with the Director of the LA Regional Technical Aids Center indicated his willingness to facilitate Spanish translations. In some countries, U. S.-controlled local currency could be utilized. Translations into French and Portuguese might be arranged at the cost of African Regional or Brazilian institutions if the materials are seen to have wide usefulness. Similarly, one-country translations may be handled through indigenous institutions.

(3) Distribution, adaptation, utilization

However sound the managerial knowledge in pre-packaged training materials, it will require specific adaptation to a given audience in a given place. This will be accomplished principally by cooperating LDC institutions. Neither can it be assumed that the materials will be distributed to potential users without well conceived efforts.

Hence, the third element of strategy is to establish a distribution and utilization program. Very wide distribution of materials by mail is envisaged after they have been use-tested in one or more overseas locations. Selective and on-request distribution of particular items will begin before field testing via the Development Administration Reference Service (TA/DA). This Service will also be used for the large-scale distribution unless it is determined that a contractual clearinghouse or alternative arrangement is needed.

Mail distribution should serve a minimum of 750 institutional and individual clients with complete sets of materials or specific packages as indicated in the Planned Targets section below.

(4) Field labs

The utilization concern merges into the fourth element of strategy, namely a field lab program for recurring intensive work with selected LDC institutions to help improve their management training and consultative capacity. This will link to the materials program through (a) monitored use and evaluation of the materials in workshops; (b) adaptation of materials to specific needs of the cooperating institutions; (c) continuation of the managerial "knowledge consolidation" effort by the cooperating institution, and (d) exchange of ideas, cases, and other materials among cooperating institutions. In addition, the field lab program will emphasize work among host country and U.S. professionals directed to (a) continuing analysis of host institution outputs and service to its clients; (b) relevance of training programs to the felt needs of development managers; and (c) opportunities for indigenously supported consultation and research to be carried out by the host institution. The major contract to be funded under this project will provide overseas workshops and project consultations to serve the field labs each year.

(5) Institutional growth assistance

The fifth and final element of strategy is to provide institutional growth assistance to selected schools, institutes, and service centers for development administration. This effort will draw on the institution building methodology which the Agency has

assembled and is increasingly exporting to overseas institutions. The effort under this project will be specifically designed to serve management institutions, especially business schools. It will help those institutions in such matters as strengthening external linkages. reexamining operating doctrine, serving wider client groups through consultation or informal education, introducing new cost-effective technology, or profiting from innovations introduced by similar institutions in other locations. The effort will not involve long-term technical services nor participant training (unless funded from other sources). Instead, it will operate via short, intensive workshops, seminars, evaluation studies, or similar mechanisms. This institutional growth effort could utilize the services of managerial institution-building and organizational design experts and A.I.D. staff.

As the principal contractor accumulates knowledge relating to different sectoral management needs in several countries and consultative experience with various overseas institutions it is anticipated that there will be a continuing demand for short-term "task order" services to be funded by AID Missions (or their International Development Institute equivalent), multilateral TC entities, and the LDCs themselves. This will more likely be the case as the contractor gains insights into the particular problems of applying managerial systems to health, family planning, education, and other sectoral programs. The contractor will also develop the ability to advise on U.S. resources for specialized management consulting or training

work in the developing countries. The accumulation of the relevant knowledge, experience, and insights for multisector applications will take time, and is the prime reason for the eight-year duration of the project.

The project will be evaluated annually and reviewed in depth during the third or fourth year of implementation. At that time (or earlier, if the need is apparent) consideration may be given to alternative means of carrying out certain purposes of the project (e.g., through the establishment or subsidization of an international management institute, regional service center, or 211(d) grant). At any time during the course of the project research needs may be defined and proposed for separate funding.

From the strategy described above, it is evident that close relations with and service to cooperating LDC institutions is crucial to the success of this project. Access to some of these institutions (especially regional and interregional institutions) may be arranged through multilateral agencies. One important building block for future activities under this project was the U.N. Seminar on Modern Management Techniques hosted by the U.S. with A.I.D. funding last fall. That event established a basis for continuing joint work with the U.N. Public Administration Division, FAO, ECAFE, and the African Training and Research Center in Administration for Development, among other institutions. It also produced sound documentation which can be used in this project.

Access to most cooperating LDC institutions must be provided in closest consultation with AID Missions and AID/W Regional Bureaus.

This can be done in ways that complement ongoing programs, build on prior field project accomplishments, or address problems of concern to the Missions. It must be done in ways that impose a minimum of "administrative load" on Mission staff. One way to accomplish this is to have the field activities of this project function through the medium of USAID contractors already working with appropriate LDC institutions. Another is to have the contractor under this project work directly with mature LDC institutions (e.g., "graduates" of prior A.I.D. institution-building contracts) with the blessing of the Mission and with full reporting, but without direct support by the Mission. This might be possible, for example, at any one of a dozen business schools which are receiving or have received A.I.D. assistance. Consideration will also be given to utilization of institutions in "graduate" countries (e.g., Iran, Taiwan) in cooperation with multilateral agencies.

In any case, the number of LDC institutions participating in monitored work will be small--perhaps four during the first two years of the project. Given the interest already expressed at the U.N. Seminar and in suggestions from the Regional Bureaus it appears that there will be no difficulty in establishing appropriate arrangements with cooperating institutions overseas. Selection of these via the Regional Bureaus and USAID Missions can proceed concurrently with contract negotiations so that project activities can begin in FY 1971.

PLANNED TARGETS, RESULTS, OUTPUTS

The ultimate aim of this project is to strengthen individual and group LDC capacities to manage development programs and projects

(including private enterprise ventures). Behavior changes are to be induced by learning (acquisition and exercise of managerial knowledge and skills) which is relevant to the problem-solving and decision-making needs of the program and project managers. The learning opportunity is to be provided by short and longer-term courses offered by cooperating LDC institutions (and U.S. institutions), by distribution of materials (informal education) and through consultations by the U.S. contractor (often in cooperation with AID/W personnel) and by the cooperating LDC institutions.

True "results" are attainable only as the outcome of the process noted above, and individual and group behavior favorably affecting development programs is the final test of success. Progress toward this end can be measured by the following intermediate accomplishments:

1. Identification, consolidation, and packaging of managerial knowledge

(a) Management of development programs. A handbook will emphasize management concepts, analytic and problem-solving approaches, and development administration (as distinct from more static administrative approaches). It will treat organizational concepts, especially growth strategy in terms of resource and service linkages, and introduce the user to various management tools (e.g., budgeting, network techniques, evaluation). It will advance the latest thinking about public-private roles in development from the management perspective. "Sophisticated simplification" will be the watchword in this publication; it will be designed to boil down a vast amount of knowledge into some 200 pages of simply-stated principles. Perhaps the best model for this kind of

work is Arthur T. Mosher's Getting Agriculture Moving.

(b) Program and project management. Training materials will include principles of planning, quantification and objective-setting, systems approaches, network techniques, organizing, management information systems, and evaluation.

(c) Resource allocation and budgeting. This package will include resource allocation concepts (including the importance of time), capabilities and limitations of program budgeting, project budgeting, and linkage of the planning to the budgeting process.

(d) Information management for program decisions. Topics will include concepts of the types of information needed for development decision-making; decision-making under conditions of uncertainty, order-of-magnitude concepts in program judgments; functions of information in planning, implementation, control, and evaluation from the point of view of managers; and the capabilities, limitations, and costs (both financial and organizational) of ADP and EDP support systems.

(e) Networks of organizations in continuing development programs. This group of materials will emphasize the need for continual organizational adaptation to changing tasks, technology, and environment. It will also advance the idea (drawn from systems approaches and institution building) that development requires contributions by networks of organizations working together to achieve objectives.

(f) Managing technological campaigns. The idea here is to gather and generalize from comparative experience in achieving explicit goals utilizing technological inputs. Examples are single crop

production campaigns, agricultural package campaigns, smallpox vaccination campaigns, etc. Campaign management techniques may have great usefulness in spreading new agricultural breakthroughs (high lysine crops, HYV pulses), medical breakthroughs (malaria vaccine), or family planning breakthroughs (prostaglandins), as they occur.

(g) Other packages will be developed as priorities are established in field work in the developing countries.

The quality of the consolidated materials can be evaluated by AID professionals or consultants, or others experienced in LDC development administration. The relevance of the materials may be judged by teachers or consultants in the developing countries. The utility of the knowledge (in its original form or as locally adapted and presented) must be judged by LDC managers themselves. All three kinds of evaluation will be conducted as the project proceeds.

2. Distribution and utilization of materials

The minimum distribution goal is to place 200 complete sets of materials (including handbooks) and 500 additional subject-matter packages with overseas institutional users, and 50 complete sets and 100 additional subject-matter packages with U.S. users involved in foreign participant training during the first three years of the project. This goal involves 750 primary clients; reproduction of items for management students themselves should aggregate 150,000 items per year beginning with the third year.

3. Field lab program (management education/consultation)

The field lab program (described in the Strategy section) will serve overseas cooperating institutions with a total of two workshops,

and one consultation each year beginning with the second year of the contract. If feasible one workshop will be held during the first year. These goals are in addition to field travel by the contractor(s) to establish collaborative relations or monitor activities not arranged through this project.

4. Institutional growth program

The target in this category is one session per year. Wherever feasible, people from several LDC institutions will be brought in on the workshops, seminars, or evaluations so that they can gain firsthand experience in concepts of institutional growth applicable to their own institutions. In addition, appropriate documentation of these activities will be fed back into the materials program for wide distribution. Business schools will be given high priority in this element of the project.

In addition to these targets, it is expected that the major contractor under this project will begin to provide "task order" consultations on specific LDC sector management problems by the third year of operations. Whenever feasible, personnel of cooperating LDC institutions will be invited to participate on a fully collaborative basis in such consultations. Funds for such activities are not provided in this PROP; they will be field-funded, or, should central funding prove desirable, provided in supplementary funding.

COURSE OF ACTION

The principal contract under this project will be executed in FY 1971 with 18 month funding. One additional contract for work on quality approaches to management training is planned for FY 1972.

While negotiation of the main contract goes forward, steps will be taken by TA/DA in cooperation with the Regional Bureaus, selected Missions, the U.N. Public Administration Division, and other assistance entities, to establish working relations with cooperating overseas institutions. Thus, the contractor will have ready-made overseas linkages (in addition to any that it has already developed) which can serve as project field labs. Collegial relationships with LDC training institutions and operating entities will be established early and emphasized in the course of contract operations.

This project will be served by the intra-agency steering group already established for the management capacity problem area, but with the addition of appropriate specialists to address particular sectoral management problems. In addition, contractors, A.I.D. representatives, and LDC representatives will systematically exchange findings and experience at intervals as the project proceeds.

In addition to the activities funded directly by this project it is expected that complementary funding arrangements (Regional, USAID, host institution, U.N. or other) will make possible the holding of several additional training programs, workshops, or related activities beginning with the third year of project activity.

The project is planned for eight year implementation. It will be closely related to and mutually reinforcing with other projects dealing with management capacity, particularly Management Capability for Agricultural Development. It will also reinforce activities dealing with the key problem of capacity for local action.