

309.223
K87

-1'

FIN-AAD-680

GUIDELINES FOR INSTITUTIONAL AND MANAGERIAL ANALYSIS

in

SECTOR ASSESSMENTS FOR COUNTRY ASSISTANCE PROGRAMS

Contents

I Objective

- A. Critical Institutional and Managerial Constraint
- B. Purpose and Use
- C. Action Framework
- D. Background of Agency Interest
- E. Current Agency Guidance

II Sector Delineation

- A. Sector Functions
- B. Organizational Jurisdiction
- C. Major Programs and Projects

III Organizational and Managerial Elements

- A. Leadership
- B. Organization
- C. Managerial Manpower Development
- D. Program Management System
- E. Resource Administration

IV AID/W Supporting Assistance

- Table I
- Table II
- Annex

DRAFT
Koteen/Rizzo
6/29/76

I. Objective

A. Critical Institutional and Managerial Constraint.

Managerial capacity, in the modern sense of achieving desired results through organizations, is a critical constraint in both public and private sectoral development efforts - at all levels: national, regional and down to local operating units in close proximity to the people. A major reason is that modern technology and supporting inputs and services which offer a high potential for more rapid food, health or educational development also require high orders of managerial skill and institutional effectiveness.

Widespread institutional and managerial deficiencies severely impede development efforts and often diminish effective utilization of AID inputs. Resolution of these deficiencies warrant increased analysis and investment as an essential component of assistance efforts. Managerial and institutional capacity building should be seen as a means to an end, not an end in itself. In combination with other vital factors - technical, economic and social - improved institutional management can make a significant difference in increasing the effectiveness of sectoral development efforts, and reducing the risk of failure or lack of success.

B. Purpose and Use

1. This issuance is designed to help Agency personnel determine the scope and content of managerial and institutional analysis in Sector Assessments for Country Assistance Programs. Methodology for conduct of the analysis is not covered since this would be too long and technical for this issuance. The guidelines apply to whole or partial sector assessments in the key sector concentrations of Food and Nutrition, Health and Family Planning, Education and Human Resources Development.

The purpose is to provide a realistic, analytic basis for increasing managerial capability in designated LDC sector institutions, particularly those receiving AID input. The objective is not only to analyze and correct existing deficiencies, but also to identify and establish capability for continuing self appraisal and improvement.

2. The analysis will provide a sounder rationale for identifying possibilities and for guiding the design dimension of AID project assistance of two types:

a. The design of projects which may be exclusively managerial and institutional capacity-building, and/or

b. The incorporation of managerial capacity building activity into Sector projects (grants or loans) where primary function may be technical, financial or commodity, rather than managerial or institution building.

3. Though the major intent is to assist Agency program, technical and geographic staffs (in the field and Washington) the guidance may be of use to other parties in their conduct of country sector assessments such as those performed in:

- 1) self-assessments by the country
- 2) joint country and AID assessments
- 3) assessments by other international donors, or
- 4) multi-partite assessments as conducted by AID,

World Bank and IDB.

4. This particular issuance deals with the institutional and managerial dimension of all sectors; future thrusts will attempt to adapt the guidance to specific sectors starting with Agriculture and Health.

5. The appraisal of sector management is relatively new in concept / and application. There does not exist at this time a coherent doctrine nor comprehensive set of tested procedures and experience. These guidelines are an initial effort to systematize current experience and concepts. In view of the early stage of art and practice in sectoral management, it is not intended to make the guidelines mandatory nor prescriptive. They are designed as a technical aid to facilitate and improve Agency decisions and analytical efforts. As experience accumulates, the guidelines will be modified and revised.

C. Action Framework

The action steps suggested for sector managerial and institutional appraisal are these:

1. Reconnaissance: on-site survey of relatively brief duration to determine the scope and content of sector management appraisal, and the types and timing of required assistance.

2. Diagnosis: Probe the managerial and administrative strengths and weaknesses of selected public and private agricultural institutions at multiple levels - at the center, regional, local and operating unit. Identify the major problems which warrant remedial action, in priority order, if feasible.

3. Prescription: propose various problem oriented responses/solutions to the key deficiencies noted.

4. Plan of Action for Possible AID Assistance: Identify good possibilities for AID support, summarize the problems to be addressed and the proposed responses; indicate the degree of priority and urgency, and propose types of assistance required for project design and analysis, particularly at the Project Identification Stage (PID).

D. Background of Agency Interest

A recent Agency Work Group on Technical Assistance in Management Improvement and Development Administration sharply focused Agency attention on the managerial and institutional dimension of sectoral development programs. The Group's analysis of developing country management capabilities and needs was based on ideas and commentary from AID Missions, AID/W personnel and officials of multilateral Agencies. In addition the Work Group examined the views of academic experts, management consultant and development specialists.

A primary recommendation of the Group's final report suggested that AID "expand emphasis in sector and multi-sector management, in sector assessments, project design, implementation and evaluation efforts, and in training and consulting services. This need is inherent in the emerging emphasis upon sector programs in food and nutrition, health and population planning, education and human resources development, and area specific integrated rural development.

A meeting of the Administrator's Advisory Council (AAC) confirmed "a consensus of opinion that management improvement in the developing countries clearly merits high level, continuing attention as a vital dimension of efforts to improve the quality of life in these countries." The AAC further determined that "managerial assistance needs be closely related to technical, economic, political and social behavioral factors in development".

These guidelines for institutional and managerial analysis of leading LDC sector organizations respond directly to the Work Group's Implementation Plan. This Plan requires the preparation of an expanded statement on managerial considerations in sector assessment and project development.

E. Current Agency Requirements and Guidance

Agency program guidance currently requires that attention be given to the analysis of institutional and managerial strengths and weaknesses of country sector programs and projects. Such guidance is contained in several parts of two Agency Handbooks:

- 1) Handbook #2 - Program Planning and Budgeting and
- 2) Handbook #3 - Project Assistance.

Instructions to AID field missions on "DAP Content and Building Proc. ss" (Annex A to Budget Guidance Message for FY 75 and Beyond) request that the DAP Narrative Summary Statement contain a discussion of institutional strengths and weaknesses in both

its development over-view and sector portion. This same message suggests that the conduct of sector assessments, which form the major analytical base for proposed U.S. assistance in a country, include public and private a focus on/institutions,

"which influence for good or ill" the development of the sector or sub-sector.

Sources of more specialized guidance on sector managerial consideration contained in Handbook #2 are: the Nutrition Strategy, Guidelines on Project and Program Planning for Small Farm Credit, and the Working Paper on Rural Development. Other sector guidance which refer to managerial and institutional analysis are Agricultural Sector Assessment in Latin America and Health Sector Assessment prepared by the Technical Assistance Bureau (TA/H).

II. Sector Delineation

Sectors such as Agriculture, Education and Health usually have hundreds or even thousands of institutions that perform varied functions in the Sector. The number of such organizations and the complexity of their inter-relations inevitably poses a problem for a sector assessment both in concept and in methodology as well as in the best use of money and manpower to undertake the institutional analysis. Hence an initial step in the institutional assessment is to identify the most important organizations worthy of appraisal and the important relations, programs and elements within them that should

be analyzed. There are three principal frameworks that help delineate the sector organizations, and determine the scope of the appraisal.

- 1) Sector functions performed by organizations;
- 2) Organizational Jurisdiction: The national-provincial-local levels within which they are interrelated;
- 3) Key programs and project which may be carried out within one organization, or cut across two or more organizations; may be national in scope, or limited to regional or local geographic areas.

A. Sector Functions

Institutions may be viewed in categories or "systems" performing certain kinds of functions for the Sector; some organizations set sectoral policy, plans and priorities (or should); some provide the goods or services to the end-users; other organizations provide facilitative services to other organizations, i.e., transport, storage, manpower, research, facility construction, etc.; others provide financing. Table I reflects this approach using the health sector as the example.

The functional delineation seeks to answer questions like these:

1. What are the key functions of the Sector and which are the key organizations performing them?
2. Given the purposes of the assessment, what are the particular functions of most importance for the assessment and which

key organizations should be considered for further study? For example, in most sectors the governing institutions are critical for whatever planning and implementation and evaluation might be considered for the sector. Likewise, the operating units that deliver the goods and services to the end-users are usually deficient in important respects and should be reviewed. For this reason, these two segments are dealt with in greater detail in the annex to this paper. Most sector assessments will include attention to these two segments.

3. The analysis of functions and the organizations providing them should also specify which particular goods and services are to be provided, and indicate the groups of clientele being served. This will provide an organizational over-view of services provided and clientele coverage to help determine the most important organizations to be studied.

4. Related to the foregoing is a simplified organizational performance comparison, designed to identify critical strengths and weaknesses in how well organizations or programs provide goods and services (effectiveness) and at what cost in terms of money, manpower or material (efficiency). This testing for effectiveness and efficiency at this stage is useful in spotting possible problem areas for further examination. For example, a preliminary look at a country's health sector may reveal that the Ministry of Health

provides family planning services rendering 500,000 consultations per year at a cost of \$13.00 per visit. A large private family-planning organization provides services of a similar kind involving 100,000 visits per year at a cost of \$6.00 per visit. These findings would likely lead the analysts to focus on these two institutions in greater depth to compare the services rendered and the relative efficiencies of the two organizations. Details of program performance analysis are contained in the Annex.

B. Organizational Jurisdiction

Organizations also play a vital role in terms of the scope-national, provincial, local--of their jurisdictions. These different levels usually break down as follows:

1. Sector-wide organizations: These are the organizations such as and mechanisms (/ councils or committees) whose jurisdiction cuts across more than one sectoral institution. The sector-wide organization usually is concerned with guidance and coordination of sectoral overall policy, plans, resource allocation, resolution of conflict and evaluation. The assessment of "sector governance" looks at both the formal and informal mechanisms by which a sector is guided or not guided and asks what needs to be done to strengthen that process in order for the sectoral objectives to be successfully planned and implemented. (See Table I for examples, and section on in Annex Sector Governance/for elaboration of functions.)

2. Key national agencies: These may be the lead Ministry or Ministries, the leading agencies of the government, leading private or voluntary organizations, etc. (See Table I for examples from a given sector). Sector delineation tries to determine which of these agencies should be assessed in depth.

3. Intermediate Jurisdictions: Below the national level, there are usually provincial, regional, district and local organizations which perform sector coordination or governance roles. The most obvious of these are the government offices at these levels, or the offices that perform a Ministry's functions at various levels. There may also be regional development bodies that exercise planning, coordination and evaluation functions for their areas. Key private organizations may also be subdivided into field echelons whose interrelation with other institutions may be vital. The key questions for these intermediate levels is whether they are adequately related upward to their senior level, to the levels below them and to their peer organizations. Thus, the assessment should determine for given subdivisions of the country and for given organizations whether vertical and horizontal relations are working and whether the institutional and managerial components of the selected organizations are adequate. See Table II for an illustrative matrix of these elements.

4. Operating Levels: The organizations chosen for study usually have some level at which the goods or services are produced and delivered to end-users. For these operating levels the key questions are how to increase their effectiveness and efficiency first in terms of the other complementary organizations operating in their area and secondly in terms of their internal management. These operating levels may also be viewed in terms of their adequacy as delivery systems to the end-users. The focus of such an analysis is to determine the extent of client coverage and participation and whether the end-users have the goods or services accessible at affordable prices, in ways which are acceptable to their culture, at suitable quality levels and by modes which can be sustained by the society without foreign aid. This delivery capability is so important in many sectors for the rural and urban poor that a section of the annex deals with "Service Delivery" assessment at the operational level.

5. User Organizations: There is an important category of organizations formed by the users themselves which helps both in the provision of sector outputs and the utilization of the output. These may be Cooperatives, Health Committees, Community Development organizations, Credit Unions, Mothers Clubs, etc. These groups at the local level help to extend the outreach of the sector, integrate

it into the local context (political, social, economic, cultural) and link outward from the community to the various organizations that can help them.

C. Programs and Projects:

Although not complete organizations, certain programs and projects may be particularly vital to sector performance and therefore may need to be appraised for their managerial and organizational strengths and weaknesses. Examples: family planning programs, wheat or corn campaign, projects to introduce a new agricultural technology or a new health delivery system, etc. Programs or projects are organizational activities with a definite beginning and termination, a set purpose to achieve and a separate management identity. Such programs or projects may be within a single organization or may cut across two or more organizations; the nature of the appraisal will vary depending on this factor. Also, the program may be national in scope or provincial, or local, etc; this also, will affect the appraisal. A sector assessment usually includes an analysis of selected programs and projects. The analysis will focus

on the organizational and managerial elements defined and discussed below. The scope of analysis will be limited to conform to the boundaries of particular selected programs or projects, rather than with the totality of an entire organizational jurisdiction.

III. Organizational and Managerial Elements:

The preceding sections examine organizations in terms of their sector functions and their linkages to each other. The capacity and efficiency of organizations are also greatly affected by the way they are organized, led, by the way they plan and control, and by the way they manage their resources (money, manpower, facilities, etc.) It will be necessary to identify the most significant organizational and managerial elements worthy of analysis; not all elements need necessarily be assessed in any particular case. For the purposes of this guidance a number of these elements are arranged into the following categories although there is no standard terminology in the discipline and no one categorization that is necessarily preferable. It is more important that the many elements that go into each category be considered by the administrative analysts when they conduct the assessment than to be concerned about what to call them. For ease of reference, the elements are briefly described below and then dealt with at greater length in the annex to this paper.

A. Leadership and Behavior

1. Leadership is the process of motivating and guiding people to accomplish organizational goals. The depth of the analysis for leadership naturally varies according to the sectoral significance of the organization and the functions of a particular leadership cadre. The analysis could include an examination of the leaders' commitment to the organization's ^{their} purposes, effectiveness, continuity, origin, affiliation with other leadership groups, and integrity.

2. "Behavior" refers to the ways in which the people in an organization work together, their morale, communication, cohesion or conflict, support and understanding of the goals, discipline, etc. Again there may be selective analysis either of key organizations and programs or of selected aspects of organizational behavior believed to be critical.

B. Organization

This section deals with organizational environment internal and/structure.

1. External relations indicate the nature and extent of a sector institution's linkages and connections with its environment. The concern with effective relationships is found at each and every level of organizational jurisdiction, but its form and expression will vary from sector governance at the center

including the headquarters of national institutions, down through intermediary levels of jurisdiction into the regions and provinces, down to the operating level where an entity is in direct relationship with its target clientele.

Relationships typically include:

- a. Those with organizations and individuals who control the allocation of authority and resources to operate;
- b. Those with organizations which provide needed utilize inputs or/outputs; and
- c. Those organizations which share interests in or conflict with the purposes of the organization.

2. Organization Structure deals with the distribution of authority and responsibility through which the organization performs its tasks. This includes the major functional breakdown into major units, the organizational arrangements for top management direction and control, centralization or decentralization, delegation, and regionalization of functions, both for technical and administrative functions. Organizational structure may have its basis in laws, regulations, decrees, and may also be largely a formality with little resemblance to the actual way the organization operates. A structural / analysis may be quite important for the large-scale organizations that are vital for the sector such as the Ministries or national agencies of the public or private sector.

C. Managerial Manpower Development

Low-income nations face a marked shortage of the kinds of development oriented managers in their sector institutions who can handle the complex problems of technological, economic and social change. The problem is partly one of numbers; the under-developed countries must expand their capacity to produce managers in quantity. However, the quality of managerial manpower should require the major emphasis in sector assessment efforts. Thus, a key question posed is: what more effective steps can be taken to expand the LDC supply and quality of sector-oriented managers, and assure their proper allocation and use in the key development sectors, and in institutions and programs ultimately geared to the delivery of goods and services to end-user clientele.

The term "managerial manpower" embraces those in positions of first line supervision, up through middle and top executives, including those in both technical and administrative positions.

"Development" refers not only to the training of managers, but also to the larger framework of the provisions of the organization to attract and select, assign, promote, motivate, reward, retain and retire these managers. To accommodate the growing interest in the management group training programs for sectoral managers, a series of questions are included in the annex to guide to guide the appraisal of such programs.

D. Program Management Systems

Program Management Systems refers to the ways in which the organization plans, allocates its resources, manages its programs and projects, gathers data and takes corrective actions to maintain its activities on target. In the technical language of management analysts, these are the planning, programming, project, budget, control, information and evaluation systems. These systems can be quite complex at the top levels of government where they may involve not only Ministry systems, but government-wide procedures for budgeting, planning, reporting, etc. Whether complex or simple, these management systems may need to be assessed for their adequacy--both at headquarters levels and field levels, public or private agencies. The depth of the analysis will be determined by the experts conducting the assessment.

E. Resource Administration

Resource Administration comprises the ways in which the organization secures and handles its manpower (personnel administration), its money (financial management), its supplies and equipment (material management), its facilities, statistical services, transportation, records and data processing. For some organizations one or more of the above systems may be so large and significant that they may constitute important pieces of the

sector appraisal. For example the management of facilities for hospitals and clinics may be so costly and vital that an extensive analysis may be necessary for the ways in which these facilities are acquired and maintained. The means for administering personnel, the methods of selecting qualified people, their salary scale, means of promoting, etc. are usually important factors in the organization's capacity.

The above elements of an organization can be reviewed for any of the entities that make up its sector and at any echelon, though the depth of the analysis obviously varies. For an illustration of how the elements intersect with the organizational jurisdictions, see Table II.

IV. AID/W Supporting Assistance

The Agency is aware that most Missions do not have sufficient manpower and analytic capacity necessary for the design and conduct of managerial and institutional assessments suggested in these guidelines. To some extent the guidelines can be addressed by Mission Program and Technical Officers in conjunction with local institutions, personnel from recipient governments, and staff from AID/W.

For additional outside assistance as needed, Missions should address their requests to their respective regional bureaus, as normally done with sector assessments, or to the Technical Assistance Bureau (TA/DA) if additional assistance or information is needed.

These Bureaus are collaborating to develop a broader support base to meet anticipated needs, and will obtain and provide assistance as requested.

Such assistance will be designed to help Missions in each action step of the sector assessment. This could include initial planning and reconnaissance activity to develop a scope of work and delineate types and timing of required assistance; assistance for the actual assessment as well as help for the ensuing design of possible AID project assistance.

TABLE I

<u>Functions</u>	<u>Organizations</u>
Sector Governance	Office of President Economic Council Office of Planning & Budget Health Policy Council and Secretariat Health Committee of Legislature Ministry of Health
Provision of Goods) and Services to) end users)	Ministry of Health Ministry of Defense Water Authority Social Security Agency Private Hospitals & Clinics Private Practitioners Drug Venders
Financing of Sector	Ministry of Finance Appropriate Legislative Committee Social Security Revenue Ministry of Health Water Authority Foreign Donors and Lenders Insurance, Organizations, etc.

TABLE I (Cont'd)

<u>Functions</u>	<u>Organizations</u>
Manpower	Manpower Planning Office Medical Schools Training Centers Training Office of Ministry of Health etc.
Facilities	Public Works Ministry Hospital Construction Cos. Water System Construction Cos. Community Dev. Organizations etc.
Research and Development	Ministry of Health Ministry of Education Universities etc.
Information	National Statistical Office Ministry of Health University Demographic Studies etc.

TABLE II

Organizational Jurisdiction and Programs and Projects	Sector Functional Analysis (Function, Service, Clientele)	Performance Analysis (Input/output) (Efficiency) (Effectiveness)	Elements Analysis				
			Leadership and Behavior	Managerial Manpower Development	Organization	Program Management Systems	Resource Admin.
Sector-Wide Organization			X	X	X	X	X
National Level Organs - Key Ministries - Key Agencies - Private organizations	X	Partial for Hdqs Functions	X	X	X	X	X
Intermediate Echelons - Province - Region - District - Local	X	Partial for Hdqs Functions	X	X	X	X	X
Operating Level Units Public and Private Sector	X	X (Note: Analysis of elements may be very simple or omitted if appropriate)	X	X	X	X	X
User Organizations	X	X	X	X	X	X	X
Major Programs & Projects	X	X	X	X	X	as needed	as needed

ANNEX TO

GUIDELINES FOR INSTITUTIONAL AND MANAGERIAL ANALYSIS

in

SECTOR ASSESSMENTS FOR COUNTRY ASSISTANCE PROGRAMS

	Page No.
A. Purpose	1
B. Potential Elements of Analysis	1
1. Sector Governance	2
2. Performance	4
3. Leadership and Organizational Behavior	6
4. Organizational External Relations and Structure	8
5. Managerial Manpower Development	13
6. Program Management System	15
7. Resource Administration	17
8. Service Delivery Capability at Operating Levels	21
9. Local Technical Assistance Capacity in Sector Management	26

ANNEX TO
GUIDELINES FOR INSTITUTIONAL AND MANAGERIAL ANALYSIS
IN
SECTOR ASSESSMENTS FOR COUNTRY ASSISTANCE PROGRAMS

A. PURPOSE

This annex supplements the guidelines for the appraisal of institutional and managerial dimensions in sector assessments for the development of country assistance programs. The aim is to help Agency personnel to:

- 1) determine the scope and content of managerial and institutional analysis in particular country sector assessments, but not to prescribe the methodology to be used in the conduct of the analysis;
- 2) make these assessments more realistic and relevant
- 3) Help define the kind of people and resources needed to conduct sector management appraisals.
- 4) identify and design ensuing project assistance; and
- 5) thereby effectively increase the management capability of host governments' leading sector institutions, particularly those receiving AID inputs.

B. POTENTIAL ELEMENTS OF ANALYSIS

In appraising the managerial and institutional capability of leading sector organizations at the several jurisdictional levels - sector-wide, national, regional and local - it is important to look at various elements, though not all elements need necessarily be assessed in any particular analysis. These elements include: sector governance, leadership and organization behavior, performance, organization, structure, managerial manpower development,

25

program management systems, and resource administration.

Two additional topics are included covering "service delivery" capability at operating levels, and local technical assistance capacity in sector management.

1. Sector Governance refers to the organizational structure and processes for guiding a sector. This part of the analysis is to determine the "system" for guiding the Sector as set out in formal documents and as it actually operates. It asks: What are the strengths and weaknesses of this system? What needs to be done (and can be done) to strengthen this system in order for the Sectoral Plan to be prepared and implemented satisfactorily? To do the above, the assessment should deal with these questions:

Is the Sector recognized as such in laws, policies, plans, decrees, programs or organizational structure of the host country?

What is the scope and structure of the Sector as conceived in the formal documents? For example, what parts of the public and private sector are included? What institutions are given the governance role for policy formulation, regulation, sector plans, resource allocations, inspection and evaluation? What formal sanctions are provided for governance of the Sector?

What are the formal mechanisms for Governance of the Sector?

Is there a top-level body for developing policies and plans, e.g. an Agricultural Policy Council, a Health Policy Council, etc?

Does that body have appropriate representation of key ministries and private associations; is it linked appropriately with the Office of the Presidency, National Development Council and Central Office of Planning?

Does it have power to set policies, sector plans, major investment decisions and feedback to determine adequacy or inadequacy of its decisions?

Is there a technical staff of the Council which is adequate in number and quality and available primarily for Council assistance rather than to a Ministry or agency?

How well are these mechanisms functioning?

How is the Sector really governed? Where and how are the key decisions affecting the Sector really made? For example, sometimes the key decisions are not policies or plans but budget decisions.

Who are the key actors in these decisions, and how do they relate to the formal system for Sector Governance? Where the real Sector Governance is different from the formal system for Governance, how feasible is it for the two systems to be merged or to be coordinated?

21

2. Performance Analysis

Organizations are created to provide some good or service for its clientele. An organization's performance can be assessed in terms of the adequacy of its output (effectiveness) and the cost for producing the output (efficiency), as well as the amount of time taken for performance.

A large scale organization may have several kinds of outputs generated by a number of its component units or programs. For example, a Ministry of Health may have a Malaria Program, an Immunization program for tuberculosis, curative health services at hospitals and family-planning services at clinics. The output analysis would accordingly make the necessary differentiation and assessment for the important types of outputs that reach end-users.

An assessment should attempt an estimate of the following elements for the selected organizations:

Is the output relevant to the Sector? Is the organization performing a correct role? Example: Medical Schools turning out 2,000 MDs to practice hospital-based medicine when most of/ ^{them} are not utilizable in rural communities without hospitals / indicate the wrong kind of output.

What is the quantity, quality, timing, outreach to user and acceptability of the outputs and the organization?

What is extent of coverage in terms of target group population for a particular set of services or goals, and units of villages or localities served by a particular operating service unit?

What number or percent of clients are responding positively and participating in the coverage by using the service or adopting the innovation either individually or as a participant in a group activity?

Are any changes in output necessary to meet Sector targets? Can the organization meet those targets? If not, what would it take to increase capacity?

What is the cost to produce the outputs? This can be measured in terms of money per unit of output manhours or facilities used per output, etc.

Is the Sectoral output target affordable at this efficiency level? If not, what efficiencies are possible?

Based on the output and efficiency requirements of the Sector what changes in the organization would contribute to such targets?

Conceptually, the above elements of an assessment can be summarized as follows:

	<u>Historical Review</u>	<u>Capacity Estimates</u>
Output Measures	Up to present	To meet future targets
Efficiency Measures	Up to present	To meet future targets

The foregoing analysis helps to pinpoint which organizations need to be analyzed in greater detail and the nature of the analysis to be made.

Caution. Organizational performance analysis is difficult both because of the lack of adequate data and the state of the art for measurement and cause/effect analysis. Nonetheless, experienced assessors usually can arrive at a consensus in judging an organization's overall performance despite the lack of precise methodology and data.

3. Leadership and Organizational Behavior

Leadership

Do the current leaders effectively perform these activities?

- a. Assess needs, set goals, establish commitments; and
- b. Link the needs and motivations of individuals with organization goals
- c. Perform or arrange for the evaluation function;
- d. Give direction on design and operation of program;
- e. Guide relations with the environment and clientele;
- f. Promote effective performance and resource utilization;
- g. Provide accountability to clientele, legislative and higher institutional interests;
- h. Provide a measure of continuity, stability and favorable orientation to constructive change.

Does the source and character of leadership (that is, career, military, technocratic, professional, political or family or economic or social interest) provide significant constraint or reinforcement to the effective exercise of the leadership function.

Are there adequate sanctions to control the acts of leaders against favoritism, bias or corruption, through the exercise of:

- a. Fair and honest guidelines and standards, enforced by inspections, auditing and regular informational controls?
- b. Accountability to clientele through their participation in projects, public meetings and channels for their registering of complaints and dissatisfaction?
- c. Grievance procedures for individuals in the organizations?

Is there sufficient continuity of tenure to provide stability and opportunity for organizational learning and improved performance?

Organizational Behavior

This element concerns the ways that organizational participants behave which contribute to, or undermine organizational performance and efficiency.

Is there the necessary:

Communication across unit lines and upward and downward communication in the hierarchy?

Understanding and support of output goals?

Discipline in observing organization rules?

Coordination and cooperation among individuals/and groups?

Productivity (output per individual or unit) maintained over time?

Resolution of conflict?

Integrity (absence of corruption) in behavior?

Attraction and retention of capable persons?

Acceptance of constructive change and innovation in the organization?

Incentive and rewards (financial and non-financial)?

4. Organizational External Relations and Structure

Organizational Relations

to

Relations refers/the nature and extent of an

institution's linkages with its environment.

External relationships typically include:

- a. Those with organizations and individuals who control the allocation of authority and resources to operate.

Organization structure

Structure deals with the distribution of authority, responsibility and accountability through which the organization performs its tasks. This includes the "structure" of the planning and control management processes, the production functions, the resource administration processes of the organization, as well as delegation, decentralization and regionalization.

a. Sector Governance. Questions on structure are contained in the Section dealing with Governance.

b. National Level Agencies

1) Enabling legislation. For the public ministries and agencies, are there up-to-date, internally consistent and feasible assignments of responsibilities, authority and accountability? Is there over-detailed legislative control over structure; is there adequate regulation over structure by the appropriate oversight bodies of the Executive Branch (usually part of the Presidency)?

2) Top Executive Level. Are the ministries and vice-ministries (or equivalent levels of other agencies) given adequate responsibility and authority to do their jobs? Are there clear and effective rules of accountability for these officials?

Are there properly organized staff functions for planning, budgeting, evaluation and control to assist these officials?

Is there adequate delegation for implementation?

Is there a manageable span of control at this level?

3) Directorate Level. Is there a permanent career-type executive with responsibility, and authority for carrying out the organization's policies (usually a Director General or equivalent post)?

Is there suitable delegation and span of control for this Director?

Is there a balance of authority between the staff officers for management systems and resources and the Director General? (i.e. staff officer can advise and assist but should not have authority to command line officials).

How is the Director General held accountable? and to whom?

4) Staff Organization. Is there an adequate structure for planning, budgeting, evaluation and control at the Agency Headquarters level?

Is there a workable distribution of authority between staff and line officials so that staff does not command and line do not abuse their authority over resources?

Is there adequate delegation to field levels for these administrative functions?

39

5) Technical Direction. A crucial question involves how to organize headquarters technical staff in ways that decentralize operations and still maintain technical consistency with headquarters standards.

Does the Agency head have flexibility to alter structure to meet changing emphasis?

Do Technical Divisions have line authority over field operations or do they have advisory functions?

Is there adequate decentralization of technical functions under central norms and supervision?

Are
6) Intermediate Levels. / Provincial, Regional, District, levels designated Local or other/according to some geographic basis?

Are these subordinate echelons given adequate responsibility and authority over technical, managerial and resource administration?

Is each echelon given sufficient scope of functions to enable integration of related programs and organizational units?

By what means are these echelons held accountable to their superior level? Is there over-control or under-control?

7) Operating Levels. Is the operating level given adequate responsibility and authority to avoid excessive decision bottlenecks and delays? Is this structure written and understood by all concerned?

Is there adequate delegation of authority over resources to permit reasonable efficiency?

To whom are these levels accountable and for what aspects? Is there over or under control?

Do the responsibilities get broken down into units and jobs in ways which are effective and efficient for meeting goals?

Are there standard organizational models for field units? Do these permit flexibility to meet diverse field conditions?

5. Managerial Manpower Development

The term "managerial manpower" embraces those in positions of first line supervision, up through middle and top executives, including those in both technical and administrative positions.

"Development" refers not only to the training of managers, but also to the provisions of the organization to attract and select, assign, promote, motivate, reward, retain and retire these managers.

To accommodate the growing interest in management group training programs for sectoral managers, a series of additional questions are included to guide the appraisal of such programs.

a. Program Adequacy in Managerial Manpower Development

1) Is there a designated focal point of responsibility for managerial manpower development, manned by professionally qualified leadership and staff?

2) Does the particular entity, particularly at its top levels, demonstrate reasonable support for the role of managerial manpower development?

3) Are there adequate programs for manager selection, promotion, rotation, training and evaluation, incentive and retirement?

4) Are the programs of managerial development well managed in their planning, execution, monitoring and evaluation of effectiveness?

b. Sector Management Training

1) Source of participants

Do the training programs select participants from the several jurisdictional levels (headquarters, region and local) and the different sector institutions to facilitate relationships and effective performance of interdependent activity?

2) Range of Programs

Types of managers

Are the program offerings adequate to meet the diverse needs of a target audience of sector managers - from first line supervisors to senior technical and administrative officials?

Are the activities of all supervisors and higher managers integrated with organizational goals, strategic, policies, values and systems of goods and services?

3) Technical Capacity and Evaluation

Are there adequate instructional staff, realistic teaching materials and equipment, curriculum and training session development, and facilities for instruction, housing and lodging?

Are evaluation methods of training effectiveness adequate?

4) Collateral Staff Development

Are there adequate provisions for on-job and rotational training, coaching and counseling, and sequenced career management development?

6. Program Management Systems

Organizations should have some way by which to plan, program, budget, get feedback information and evaluate it in order to take corrective action. This set of systems can be called "management systems", i.e. the way in which the "Management" plans and controls.

These systems can be quite complex at the top levels of government where they may involve not only Ministry systems, but government-wide procedures for budgeting, planning, reporting, etc. Whether complex or simple, these management systems may need to be assessed for their adequacy--both at headquarters levels and field levels, public or private agencies. The depth of the analysis will be determined by the experts conducting the

assessment, but following are some of the key questions that may be considered.

a. Planning for Sector, Programs, Projects and Capital Budgets

Are the decision-makers involved in and committed to the plans? How feasible and accurate are these plans? Are there logical relationships among national plans, sectoral, program, project and annual budgets? Is there a disaggregation of nation-wide plans to fit province, region or district?

Is there a planning methodology, trained planners, reporting to the top executive, and involvement by the technical offices in the plans.

Where plans require the cooperation of outside organizations (public or private), are they involved in the planning?

b. Budgeting

Are budgets tied to plans and vice-versa? Are budgets realistically related to actual cash-flows or do expenditure controls become the real budgets? Is the budget stated in program terms to permit relating them to planned goals and outputs?

Are there means to relate costs to outputs as in work measurement methods?

Is budget execution related to program plans or just to fiscal controls? Does budget execution provide adequate reliability and flexibility of funds for the operators?

Are budgets controlled by line-items of expenditure (salaries, supplies, travel, etc.) so that operators cannot manage efficiently?

Is there sufficient delegation and regionalization of budget authority to permit efficient field operations?

c. Reporting, Evaluation and Controls

Have managers decided what information is necessary, for whom, when, in what depth in order to take timely decisions?

Is there a system for gathering, reporting and evaluating this information for programmatic outputs, for resource administration (personnel, money, supplies, etc.) and for impacts on the target population?

Are there procedures to assist managers in converting data analysis into action alternatives for decision-making? Do managers make use of such tools?

7. Resource Administration

Organizations are greatly affected by the way in which they manage their resources. Questions of effectiveness, efficiency and capacity to meet sector goals inevitably entail a review of resource administration.

One of the most important of these resources are the managers themselves. A previous section on "Managerial Manpower Development" deals with that system. Following are some of the key elements to be considered in resource administration, with the usual caveat that the assessors should determine which of these systems and in what depth they are to be analyzed.

a. Personnel Administration. Are there merit standards for selection and promotion? To what degree are these standards observed?

Are there adequate salaries, competitive with the labor market, and adequate benefits for leave, retirement, etc.?

Is there a career-growth concept permitting rotation and advancement for increased contribution to the organization?

Are there suitable provisions for job classification, in-service training, performance evaluation, discipline, grievance machinery and dismissal?

Is sufficient personnel authority delegated to field levels? Are personnel actions prompt and fair?

Is there sufficient stability in key jobs, enough influx of new people to prevent stagnation and an adequate age spread to maintain vitality?

b. Financial Management

What are the sources and amounts of revenue for the organization? How stable and dependable is the revenue flow over several years?

Are budgets related to plans, programs and projects? Are there expenditure plans along with program budgets? Are budgets used as instruments for achieving goals or as means of fiscal control?

Is there accounting for fiscal and program purposes? Does cost accounting permit relating costs to outputs? Are the accounts accurate and timely enough to permit corrective decisions by management?

Is the disbursing dependable, prompt and facilitative for operations?

Are there internal and external audits? Are they competent, fair, prompt and impartial? Are corrective actions taken on the basis of such audits?

Is there an effective inspection system for illegal and questionable activities?

c. Material Management

Are the operating units receiving the quantity and quality of supplies and equipment necessary for their work?

Are there costly delays in re-supply and maintenance of equipment that seriously affect operations?

Is there a purchasing, inventory control, storage and distribution system that strikes a reasonable balance between cost and service to clientele? What cost reductions are possible through standard specifications, decentralized purchasing for low-value items, more accurate inventory control, efficient storage procedures and trade-offs between transportation and additional storage points?

Are there adequate methods to repair, preserve, control and account for expensive items?

d. Facility Acquisition and Maintenance

Are the major physical facilities for the organization adequate for its purposes in design, space and cost?

Is there a maintenance program for prevention and repair which is effective and for the least cost?

Is there proper organization, staffing, transport and budget for the maintenance functions?

Is facility acquisition adequately tied in to program plans and requirements analysis to assure against over-building or under-utilization of plant capacity?

e. General Services

Are there adequate, timely and efficient services for telecommunications, transportation, utilities, office equipment and furniture?

f. Data Handling

Are there adequate facilities for record storage and retrieval, data processing machines and services, printing, publication and distribution of data?

Are statistical services relevant to user needs, timely, available and at reasonable cost?

Are the above facilities and services available only at headquarters or at the various echelons where required?

Is the data handling system built to improve decision-making or to satisfy the data-producers?

8. Service Delivery Capability of Operating Level Units

This section focuses on appraising the capacity of operating level units to provide and integrate appropriate and timely products and services directly to designated clientele groups. These operating units cover a highly disparate range and size of functions and services in Agriculture, Health, or Education. They are organizationally located below the center of government and headquarters echelon of central ministries and organization, and usually operate with ^a limited functional role as outposts in close proximity to clientele. The particular elements indicated for analysis, therefore, are suggestive not necessarily prescribed. Their precise form and content will necessarily be modified, deleted or simplified to accommodate local needs and conditions. The entities should be analyzed in the dual context of transactions directly with clientele groups, as well as external relations with higher or similar echelons of organization.

a. Local Availability of Products and Services

- 1) Are the necessary or minimum goods and services located in places reasonably accessible to target clientele groups?
- 2) Does the field service or operating unit possess the capacity to respond to its designated coverage; distinguish between nominal and effective coverage in terms of number or percent of total clients, or villages or districts?

3) What number or percent of clients are participating and responding positively to coverage by either adoption of an innovation, using the service or participation in the group activity using or performing the service?

b. Leadership

1) Is the leadership "cadre" in charge professionally qualified?

2) Does the leadership effectively:

Assess needs, set goals and priorities;

Give direction to design and operation of program;

Guide and use evaluation efforts;

Guide relations with clientele and environment;

Link needs and motivation of employees with organization goals;

Provide accountability to clientele and higher institutional interests.

3) Are there adequate sanctions to control the acts of leaders against excessive favoritism bias or corruption, through the exercise of:

a) Fair and honest guidelines and standards, enforced by inspections, auditing and reporting;

b) Accountability to clientele through their participation in projects, public meetings and reports and channels for their registering of complaints;

c) Grievance procedures for individuals in the unit.

4) Does there exist a measure of continuity and favorable orientation to constructive change?

c. External Relations

1) Do adequate connections exist in higher echelons of the parent organization, in terms of:

- a) Supporting technical staff for help on such matters as planning, demonstration, "troubleshooting" and training;
- b) Latest technical knowledge;
- c) Logistics and facilities, funds and manpower.

2) Do effective mechanisms and arrangements exist to coordinate with other organizations at similar levels.

- a) To prevent overlap and duplication; and
- b) Resolve needs for interdependent activity.

3) Does the entity possess sufficient decentralized authority - administrative and technical - whereby excessive decision bottle-necks and delays are avoided?

4) Is the division of work in the organization, and volume of workload in balance with staff resources?

5. Do organizational charts and manuals exist which reflect up-to-date tasks and responsibilities of key individuals and units, and communicate organizational relations clearly and easily?

d. Planning and Programming

1) Is there an effective assessment of needs for appropriate and relevant services?

2) Are the program processes effective for the development and evaluation of:

a) Policy: The roles and rules of serving, whereby, in general terms, it is determined who does what, and who gets what, under what conditions;

b) Strategy of coverage: the phasing of expansion of coverage and services, and the changes in relationships with other agencies;

c) Program procedures: the standard operating procedures of actual services to clients.

e. Performance

Management performance of service entities is most clearly seen at the operational level in closest relationship to actual clientele. At this level the efficiency and effectiveness of the service produced can be judged through analysis at their final stage of delivery. The quantity, quality, acceptability and cost of the service which actually reaches the client can be considered general indication of performance effectiveness and efficiency of the entities producing the service.

1) Have the agencies at the local level been able to meet the needs or demands of the clients:

- a) In quantity of goods or service? as expressed and determined by number of present and potential clients, number of agents and agencies, and the physical and financial resources at their disposal;
- b) In quality of ^{goods or} service, or its adequacy in relation to demand, as determined by comparing the service received with the demands for the service expressed by the clientele.

2) From the target group's perspective, do major problems exist for clients to acquire or receive services such as:

- Lack of knowledge or information about the service;
- Their geographic accessibility, their timeliness;
- The facility or difficulty of obtaining them;
- The cost of the services, the understanding, adoption or rejection of the service recommendations; inadequate credit access, etc.

3) Have the relations between the service providing entities and their clientele been sufficiently satisfactory to permit the participation of the clientele in the delivery of the product or services, if feasible.

4) Has the trend of service performance over several years improved in quantity, quality, cost, as expressed / in output units. These trends may be contained in workplans / of service entities, program resource budgets, and execution of services in previous years, and clientele satisfaction in quality and relations?

5) Do adequate channels and opportunities exist for clients to communicate requirements and to voice complaints effectively?

9. Local Technical Assistance Capacity in Sector Management

"Local Technical Assistance Capacity" concerns the availability and adequacy of institutionalized capability at national or regional multi-country levels to provide technical assistance in sector management to country sector institutions.

The technical assistance services could include one or more of the following:

Training and Education, consultation, research and development, and dissemination of professional materials and lessons of experience.

One key issue is whether there would be distinct comparative advantages of cost, effectiveness, continuity, proximity of field support and enhanced cultural accommodation in the development and use of indigenous capacity as in contrast to the use of external advisory assistance recruited by international donors. The

assessment should consider whether the advantages compensate for the difficulty, uncertainty and risk, and time necessary to develop potential indigenous competence.

1) Is there a major interest in a sectoral research or educational institution to develop or strengthen its capacity to advise, train, research or exchange information in sectoral management?

2) Is there top level support, commitment for undertaking a project of capacity building for assistance in sectoral management improvement?

3) Does the institution now possess, or could it attract and retain personnel who could qualify professionally as teachers, consultants, and/or researchers in sectoral management?

4) Does it have sufficient reputation and status, stability, orientation to change and innovation, and adequate levels of compensation?

5) Is there an adequate market for assistance services so that the institution could be viable and self-sufficient without external assistance within a reasonable period (3-5 years)?