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REPORT OF THE A.I.D. WORK GROUP ON
MANAGEMENT IMPROVEMENT AND DEVELOPMENT ADMINISTRATION

Washington, D.C.

August 11, 1975

REPORT OF THE WORK GROUP FOR THE REVIEW OF THE PROGRAMS
IN MANAGEMENT IMPROVEMENT AND DEVELOPMENT ADMINISTRATION
OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

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I. FOREWORD

The reorientation in development assistance to emphasize benefits to the poorest groups in the developing countries' population presents a major challenge. Neither the developing nor the donor countries have extensive experience in this task. Some developing countries have experimented with such approaches as village development, integrated sectoral development, and regional development--with varied outcomes. Some donor countries have attempted, again with varied outcomes, to develop integrated regional schemes covering human resources development, health, food and nutrition and population planning. The main lessons of these efforts are the vast difficulties of the tasks, the long time required, and the central importance of adequate management at all levels.

This paper is the product of a special group assembled to study AID's management assistance to the developing countries in the context of the new directions mandated for U.S. assistance efforts by the Foreign Assistance Act. The group based its analysis of developing countries' management capabilities and needs primarily on the analysis contained in AID missions' submissions. Washington AID personnel and the officials of the multilateral agencies also contributed valuable insights. It examined the suggestions of academic experts in public and business administration, and management consultants as well as development specialists. It looked at current AID organization and administration of field programs as these relate to management assistance to the developing countries.

The most basic conclusion is 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 those countries. Yet management should be seen as a means to an end, not an end in itself. In combination with other vital factors--social, economic, and technical--improved management can make a very substantial difference. It is an essential, and all too often missing, ingredient of development efforts.

II. RECOMMENDATIONS:

The major recommendations are listed below. Since managerial problems vary widely in individual countries, the application of the various recommendations will depend on local circumstances. As reflected in the discussion paragraphs, numerous recommendations with narrower applicability might have been offered. However, as suggested by several responses, recommendations have been limited in number.

1. Focus AID management assistance primarily on sectoral results and widely-shared benefits for the people.

The idea of merging managerial concerns with sectoral concerns found solid support in the study and comments. Doing this will require increased management content in food production; rural development and nutrition; population planning and health; and education and human resources development activities. It will require attention to regional approaches to development. Management factors should be addressed in balance with social, economic, and technical factors.

The relatively least developed countries have special needs for building managerial and organizational capacities. The Foreign Assistance Act explicitly lists public administration among the activities to be pursued in the category of human resources development. Public administration and technical support programs--defined as activities to build national managerial capacity--are appropriate for the relatively least developed countries. However, such programs should be linked to specific development objectives in most cases.

2. Move toward sector development goals through a "results" and "service" - oriented program planning and management framework used collaboratively by the developing country and AID.

This approach requires that the host country play the leading managerial role. The framework should involve both private and public management capabilities, and merged efforts at local, regional, and central levels. Both quantitative/rational and "people-oriented" approaches should be used. Services delivery should be seen from the client's

point of view. Programs and projects should build on locally based organization, management and participation. The framework must be applied flexibly, with experimentation to learn while doing, take advantage of opportunities, and move from "pilot" projects to large-scale efforts.

3. Further: develop AID programming procedures to assure full consideration of management factors at early stages of the analytic and programming process.

Progress has been made in introducing appraisals of management capacity into AID programming procedures. Managerial analysis is sometimes included in sectoral assessments. Serious consideration of management capacity is now required at the advanced stage of the project design process. But sector assessments should require managerial analysis. Management capacity determination should be made (in balance with other factors) at the project identification and review paper stages of the project cycle. The project paper stage is too late in the process, should management capacity be lacking, to take the long lead time measures required to develop minimal capacity if the project is judged sufficiently important to incur the fairly high risks involved.

Projects which have high priority, but require a major input of managerial training or expatriate management assistance, should be undertaken only after a careful appraisal of the potential benefits and risks. They should include specific plans for indigenous management development. They should also require a strong commitment by the host government to provide indigenous managers by transfer from elsewhere in the economy or by immediate provision of able people for training.

4. Expand the Agency's efforts in operational management research and development for sectoral and area-specific applications.

Respondents agreed on the need for more analysis, research, and testing of methodology regarding sectoral management problems. This is a joint responsibility of the central staffs and the regional bureaus but primary expansion should be undertaken by the latter. Each bureau should emphasize adaptive research and evaluation of

management problems of the countries of its region. The central staff should undertake an agreed upon common core of more widely applicable managerial research and development. The central program should be adequately funded to develop new syntheses of experience and new techniques for inter-regional application.

5. Urge both U.S. and international research institutions, particularly those receiving grants from AID or holding contracts for technical research, to concern themselves with delivery systems, utilization, and benefit distribution problems as well as technical and scientific problems.

Some of these institutions have already recognized the need to take into account the management problems involved in the broad utilization of the new research. Others can be induced to do so if it is made a grant or contract requirement. Such work may be done by the research institutes themselves, or by closely collaborating institutions with a more direct capability for application of results.

6. Continue or initiate general management training in those countries that need it; locate the training in the country with maximum adaptation of training approaches and materials to operational requirements of development organizations.

There is agreement in the Agency on the desirability of relating training to specific sectoral development objectives and on its location, if possible, within the host country. Specific needs will vary in individual countries, and training programs should be tailored to fit those needs. In some situations improvements in management capacity may require training not only in technical managerial subjects but in supporting skills (accounting, secretarial, office management, etc.). One approach of general value is to train personnel in key organizations from top to bottom to help achieve specific goals. Wherever possible, host government personnel should be included in training programs on AID programming methods. This should have dual advantages in making such procedures and training more relevant and in permitting a meshing of local and U.S. budgetary and programming cycles and procedures.

7. AID should seek to build host country capacity for managerial analysis, implementation and evaluation.

Proposals for general management training should continue to take into account the Agency's rich past experience in such programs and should thus avoid possible repetition of past mistakes.

Because of cultural and political factors in-country analysis, implementation, and evaluation will have greater validity and support than external efforts no matter how well done. In selection of contractors and grantees AID should seek either directly or through required sub-contracting to utilize and strengthen local institutions. In addition to greater acceptability, use of such institutions may be less expensive than the hiring of expatriate concerns.

8. Strengthen Agency staffing in development administration, providing leadership through the Office of Development Administration; provide adequate funds for analytic and experimental work on sectoral management problems and increase consultative services to bureaus, missions, and host countries.

Attention to the management dimensions of development must be increased at multiple points within AID staff and by use of consultants, contractors and intermediaries. To adequately address managerial problems the missions will require inventive use of means ranging from direct staff to consultants, indigenous and U.S. contractors, and joint work with staff, consultants and contractors of the regional and central bureaus.

Particular attention should be paid to acquainting sectoral experts with the practices and techniques of modern management. Existing Agency training efforts such as the new Development Studies Program should be continuously evaluated for their current contribution to this need.

Agency staff leadership in development administration should rest with the Office of Development Administration. A modest strengthening of this office and its research and development and field support programs would be a good investment. However, line management from the regional bureaus to the field missions should continue to have the primary responsibility for improving country and project managerial capacity.

9. AID should increase its support of and cooperation with the international development assistance agencies in the provision of management assistance.

An increasingly significant portion of U.S. government assistance for improvement of management in developing countries is supplied through the international agencies. Often the success or failure of sectoral efforts supported by U.S. bilateral aid depends upon the international agencies, since they have a major responsibility for management assistance inputs. Improved coordination of managerial advice and training provided by the multilateral and U.S. programs is needed.

10. AID should seek to establish internal and external facilities for the exchange of pertinent information about sector-oriented management.

Despite progress in establishing an "AID memory" and various Agency efforts to promote the analysis, transfer, and use of knowledge, mechanisms for rapid, targeted exchanges of experience and information remain inadequate. These need to be strengthened and continuously monitored. The problem in the field of management is particularly acute. U.S. academic and research institutions, and private firms and institutions should be encouraged to participate in this process.

III. INTRODUCTION

A. Background. The Work Group for the Review of the Programs in Management Improvement and Development Administration of the Agency for International Development was organized as the result of an initiative of the Agency's Research and Development Committee approved by the Deputy Administrator. The Work Group was asked to report to the Administrator through the Research and Development Committee.

The Group reviewed AID programs in development administration. It surveyed the efforts of some of the international agencies and of other government agencies (the Department of State, the Department of Defense, the Department of Agriculture and the Peace Corps) which directly or indirectly contribute to the management effectiveness of the developing countries. A sample was also obtained of the views of private firms, universities and other organizations.

Responses to the Group's inquiries were generous from all sources. The report was circulated in first draft and many persons provided comment and criticism which have been considered or reflected in the revised report. The report is not an original research effort nor does it offer startling new concepts or proposals. It is rather an effort to distill experience, isolate requirements, and propose further courses of action for programs, staffing, and study. Some extremely important factors in managerial success or failure have been inadequately treated in the paper. These include the influence of cultural and political conditions on management and one universal barrier to improved public management--inadequate public service salaries. AID is already seeking through its program process to expand the consideration of cultural factors. Political restraints, including the problem of inadequate salaries, can be dealt with only in terms of specific country conditions. Often, too, discussions of such questions go beyond the issues which relate to specific development projects. By their nature, they must be left to negotiation between U.S. diplomatic missions and senior host country officials and thus are not an appropriate subject for this report, however significant they may be.

While the report did not gain universal approval, there was exceptional agreement on the vital importance of management as a key factor in development and on the importance of the sectoral approach to management. Those responding cited management inadequacy as a major factor in project failure and good management as one key to project success. The need for more attention to the development of technical and project managers was another significant response.

B. Definitions. Unfortunately, definitions of management and administration have tended to become

confused, perhaps because of differing usage of the terms in the United States and Europe, and in government and business.

Management as applied to the development process is subject to elaborate definition, but a simple definition satisfactory for our purposes is "the judicious use of means to accomplish an end." For a more detailed definition as well as a list of the attributes of a good manager, see Appendix A.

This paper proposes that AID give major emphasis to the management of sectoral and multi-sectoral projects in its work in development administration. Some flexibility is needed to undertake public administration and administrative support programs to meet specific needs of the least developed countries. The usefulness of continued United Nations work in this field is recognized.

IV. ANALYSIS AND CONCLUSIONS

A. Earlier Programs and Current Needs. Programs to improve administration and management in the public service and in private business have been part of U.S. development assistance efforts since Marshall Plan days. The successful demonstration of U.S. management techniques in Europe led to similar projects in the developing countries. These programs did not have the success of those of the Marshall Plan.

A close examination shows a mixture of success and failure. Successful projects in financial administration, tax reform, and census can be cited. Failures and negative reactions center around efforts at government reorganization and personnel management. Other failures have occurred where capital intensive methods were introduced in labor intensive societies with resultant resentment and resistance.

Some of these general management programs have had a favorable delayed impact beyond that recognized by common knowledge. Mission directors assigned to the more developed of the developing countries testified that large numbers of very effective senior policy and mid-level officials had received management training in the United

States through U.S. or international training programs, or had been exposed to modern management concepts and techniques by working with expert U.S. counterparts. While one could attribute this success to the selection of "achievers" as trainees, their management styles demonstrate that U.S. managerial training had practical value. Testimony continually stressed the need for greater adaptation of management training to the real problems and cultural and social conditions in the developing countries.

Reaction to the work of the administrative training and research institutions and the public and business administration schools established in the developing countries was also mixed.

Some of the criticism seemed to arise from excessive expectations and lack of immediate results. Often these institutions suffered from inadequate continuing encouragement and support both from the host countries and the United States. Some of the institutions have been successfully used by governments; more have won support from private and public enterprise in their countries. It would appear that those institutions serving as public-private training, consulting and research institutions had greater viability and vitality. In spite of their generally poor reputation, such institutions frequently represent the primary resource available for improved managerial and administrative performance in the developing countries. They constitute a larger asset than is commonly believed. Frequently, a change in leadership has revitalized a moribund institute. It is apparent that quality of indigenous commitment and leadership is vital to the success of such institutes and particularly to their ability to adapt foreign techniques to local problems. Institutions of this type which demonstrate commitment to and potential for improving the relevance of their programs and services to priority development needs may merit AID support.

A number of missions reported the establishment of effective institutions which are being used by business, the governments and the AID missions. Examples are the Getulio Vargas Foundation Schools of Brazil, the Central American Institute of Business Administration, the National Institute of Development Administration in Thailand, the more recently established Project Management Centre of the Pan African Institute for Development, and the regional and

national institutes located in the Philippines. A new program for the Ghana agriculture sector using local institutions with U.S. training assistance illustrates a promising new avenue of support for such institutions.

The increasingly effective performance of LDC governmental entities can often be traced to a combination of indigenous commitment and U.S. assistance. Examples are tax collection in Korea, budgeting systems in Turkey, and training for local administration by the Nai Amphur Academy in Thailand.

Underlying all assessments of institutional success was the question of motivation. Nearly all successes were attributed to a strong commitment to improve management by a political or business leader, or a senior civil servant. Similarly, it was noted that a strong desire to manage effectively will overcome serious personnel and material deficiencies. Frequently commitment to improve management is the result of exposure in mid-career to modern management concepts, techniques and applications.

There is considerable current interest in relatively new developments in management in the United States, e.g., performance budgeting and auditing, evaluation methods, and productivity measurement. The United Nations has often served more traditional needs in public administration, but its interest in these fields is growing. U.S. links to international agencies are especially opportune in the field of management.

B. Management Effectiveness - a Long Term Process.
The development of effective organizations and systems staffed by capable managers is a long-term process. The establishment of effective training or research institutions for private and public management may require a decade or more. Appropriately adapted ideas, systems, and organization concepts from the developed world can be utilized by the developing countries only if a base of scientific and managerial talent is developed. Time is an essential requirement.

Those close to the assistance effort in the development agencies and the legislative bodies of both the donor and recipient countries are understandably impatient for

rapid results and early concrete accomplishments demonstrated by broadly shared higher living standards. However, annual progress is difficult to measure and management improvements are more gradual than dramatic. Progress, particularly in public agencies, is achieved by "two steps forward and one back." Often the potential for very real achievements is frustrated by social or economic conditions which channel new economic benefits to a small group of individuals or a single class in a country.

What is needed--along with a sense of optimistic urgency and a set of sober expectations--is careful project design to set accomplishment milestones so that progress toward goals can be specifically demonstrated. Such project design is not an easy task because of the uncertainties of the physical, political, social and psychological environment. Provision should be made for continuing project redesign and adaptation.

While major breakthroughs come only after steady adherence to a course, there is good reason to expect some results in a short time and rapid progress in later years. Better qualitative measures of that progress need to be devised. Distinctions also should be made between the progress achieved by development and use of indigenous managerial skills and the temporary advances achieved by the lavish use of resources and of expatriate managers. Long-term development requires the development and utilization of local managerial talent. The use of expatriate managers and directors should be a last resort measure and care should be exercised that adequate provision has been made for the training of local replacements. Continuous monitoring is required to assure that the transfer of managerial authority is not unduly delayed. A case can be made for use of carefully chosen management and systems advice to deal with specific management problems.

Developing countries would gain greatly by better utilization of the management talents of women. Although in some countries women run a major portion of the small private enterprises or have a significant role in education, their expansion beyond these areas of success is limited. Training programs can help remedy this, but basic changes in social conditions will be required. Further, women in the developing countries will themselves have to organize

for their own advancement. AID can assist this process by including competent women grantees in its training programs and by avoiding bias in its own administration.

C. Management and the New Mandate. The new "mandate" of AID and the international assistance agencies requires increased participation in development by the poor majority in the developing countries. Innovative management and system improvement will be needed to achieve that objective. Those consulted believed essential prerequisites for the success of such programs are a commitment to the objective by the developing country and the strengthening of existing local institutions supported by extensive public participation. The Group was reminded that U.S. efforts to provide services to the least advantaged in its own population have had mixed appraisals. Efforts to reach the poor involve difficult managerial problems of coordination, decentralized administration and the creation of local organization. They also require substantial changes in central government attitudes, political and program priorities, and location of service facilities and personnel. No easy, quick or inexpensive solutions now exist or seem likely to be developed.

Comments on the draft report called for more study of the means to reach the poorest peoples in the developing countries. Discussion of the precarious economic margins at which many rural families exist stressed the necessity for including such individuals in the systems planning for agricultural change as well as the necessity for carefully planned, executed, and guaranteed programs to assure these individuals against disastrous loss from natural disasters or management errors. Similar concerns of lesser magnitude were expressed about delivery failures in health, population, and education.)

Current developing country plans in agriculture, health, and education call for expanded service coverage not only in urban areas, but for wide outreach to rural areas as well. Goals and expectations are running high. For example, the 10-year plan of the Pan American Health Organization recommends that all Latin American countries achieve total coverage of their population with health services during the 1970's.

Management is an essential element in a country's delivery of services to its people. The greatest problem is to provide services to a country's rural areas where the majority of the people are located. This places the primary burden on the remotest and usually weakest component of the delivery system. A major challenge to management is to organize resources for rural service delivery and to support the effort at local, regional, and national levels. This will require substantial relocation of managerial talent. The needs for additional compensation and perquisites to encourage able public officials and their families to accept postings away from the large cities is understood, but those in charge in the capital will require strong will to institute the needed changes. Equally important are efforts to provide incentives for rural managerial services by local organizations and private enterprise.

A related need addressed in recent AID project design directives is for analysis of social and cultural factors. Both this and managerial analysis requirements will require substantial reorientation of USAID personnel. Similar retraining and adjustment will be required of headquarters staff, particularly those whose service in the developing countries has been limited.

Mission staffs will have to be augmented--certainly with short-term experts, and sometimes with permanent staff. Political and other constraints may prevent mission augmentation with permanent staff. The effective use of temporary specialists will require careful planning and preparation with substantial workload for USAID staff. Because of greater acceptability and for reasons of administrative flexibility the Agency may find it desirable to employ contract rather than direct hire employees in appropriate overseas roles.

Experimental solutions to the problem of reaching the poor are being tested. These include crop campaigns; new means to provide health, family planning, or nutrition services; and work with regional community or village action groups. The experiments are based on local organizations, customs and mores in many parts of the world. To be most effective these approaches require long lead time and the following common elements:

1. Strong governmental commitment to programs to assist the poor majority with adequate provision for public participation in local decisions.

2. A knowledge by the operational personnel of the language, customs, history and society of the people to be assisted.

3. Careful study of the geographical area, the groups of people to be helped, and existing local resources and organizations.

4. A pilot project or projects.

5. The planned judicious expansion of the pilot project to a larger area and additional groups to make certain it is viable under less than ideal conditions and with reduced resources.

6. Continuing evaluation and research and development of the model as it is extended. Training programs would need similar treatment.

7. Constant surveillance to maintain standards with periodic redesign of systems.

These approaches will necessarily be dispersed, labor intensive, and relatively costly, with uncertain results. Additional funds for research, social analysis, and project design will be required, as will intensive evaluation and oversight of implementation efforts. Sound management on both the host country and AID sides will have to be interwoven with all these requirements. In a small, but growing number of sectoral projects these elements are being provided.

While these approaches are still experimental and will require modification and adjustment, they represent a desirable redirection of past methods. It is important that they be regarded as experimental and that flexibility be maintained. An effort to establish rigid standards or timetables could easily frustrate the new mandates. Hopefully both the legislative and executive authorities will be prepared to accept a period of experimentation and continuing change and will tolerate some degree of error. If that proves to be the case, the AID program can be set

firmly on a new and more rewarding direction--a direction which will pioneer the way for other international assistance programs as well.

Other projects such as market roads, rural schools, health services, research on indigenous needs, and subsidies to local enterprise with high employment potential will substantially affect the lives and welfare of the poor. They will also benefit some persons comparatively better off, although still poor by U.S. standards.

All projects will benefit from a careful analysis of managerial capacity before the project is initiated. If such capacity is lacking then adequate training, research and advisory assistance should be included in the project to insure competence. However, it may be desirable to reduce the proposed project to fit the available managerial capacities. Small and simple projects, if carefully designed, permit the use and strengthening of existing organization and management assets, and may ensure the later success of larger scale projects.

D. The Managerial Dimension of Sectoral Programs and Projects. AID has historically provided a limited management component in its technical projects. In the early programs of the Agency this often took the form of providing expatriate managers who were expected to run the project until local managers were trained to take over. This approach, which has also been used by the International and Regional Banks, worked reasonably well on separable or physical projects such as university assistance, or highway or school construction. As previously noted, it is not readily applicable to broader projects dealing with geographic regions or intersectoral action programs where the objective is to reach and benefit large numbers of people.

In recent years the Agency has supported indigenous management of sector projects. There is recognized need, not only within the Agency, but in other agencies concerned with development, to strengthen such efforts and to experiment with new techniques and approaches. It is also recognized that management needs in both public and private spheres must be addressed.

Experience has shown that the most successful programs in agriculture, health, family planning, and education are those in which careful attention has been paid to the managerial aspects of the program early in the approval process. Similarly, project failures have increasingly been attributed to lack of management capability at the local as well as central and intermediate levels of government or public enterprise. As one U.N. official said, "development activity seems to continuously outpace administrative capability."

Commentaries on the draft report stressed the essentiality of tying management training, advice, and assistance to specific sectoral and subsectoral outputs. While some advisors questioned the advisability of divorcing sectoral management from central government administration, it was concluded that an output-oriented approach was to be preferred to a specific effort at general management improvement.

Although there is wide expectation that sectoral project performance can be improved by management methodology, no consensus as to a "best" approach emerged. Development people appear--with good justification--to be wary and skeptical of easy solutions. As one expert puts it, there are "layered constraints," so that the solving of one problem often leads to the discovery of another. In this vein, some respondents caution that deficiencies in government-wide systems, policies or procedures limit the progress that can be made by dealing with the sectors alone.

Several vital skills areas that include a heavy admixture of management were highlighted by the study. These included sectoral and institutional analysis; simple approaches to systems analysis; appraising managerial capability; and project design and management. Other, more specific tools and techniques cited as especially useful were evaluation, data management for planning, farm and community-level surveys, management information systems, task oriented organizational development and analysis of social change.

To summarize, the areas in which officials believed the often cited systematic application of managerial experience might be useful include:

- Shortfalls in sector plan implementation - national agricultural, health and education plans often fail to achieve their goals and targets. Deficiencies in the design, control and evaluation of sector projects can be reduced with adequate management skills development and leadership.
- Inadequate program services to the people - public services provide inadequate coverage and the costs of extending existing types of services to rural areas are often prohibitive. The provision of inputs on time in the needed kinds and amounts and at affordable cost is essential for successful programs. For example, provision of fertilizer, seeds, and water often depends upon state enterprises or government agencies. There is little the small land owners can do if these necessities are not available at planting time. Similarly, effectiveness of agricultural advice is dependent on the timing of its availability.
- Inadequacies of sector ministries - for development to succeed, sector ministries must be able to coordinate and integrate their internal activities, resolve conflicts, and maintain effective inter-ministerial linkages. Government decision-making, program and project development and administrative services must be moved out of the capital city if development is to proceed at the rate desired by the people of developing countries. In this effort ordinary administrative and logistic services are important. Local organizations must be strengthened by better managers if they are to garner strong central support, link effectively to complementary institutions at the local level, and relate effectively to the power and stimulus of local initiative.
- Relevant, practical sectoral-oriented management-management training needs to be more practical and specific and be based on models and styles appropriate to the less developed nations. Education and training institutions typically transmit classical knowledge or teach fundamentals rather than

offering concepts and tools most useful to the practicing manager. U.S. participant training in the sectors has not sufficiently emphasized training in management, even though many of the persons being trained were already in managerial positions or would assume managerial responsibilities soon after their return home. There has also been inadequate effort to link training institutions and programs for the development of management competence to sectoral concerns.

The Work Group learned of a number of innovative projects and programs that illustrate useful approaches and institutional arrangements for combining sectoral and managerial dimensions in development programs. While the Group was unable to evaluate these approaches by direct observation, all indications are that they hold promise. (There are undoubtedly other endeavors which did not come to the Group's attention which should be examined as possible approaches). The illustrative projects and programs are listed in Appendix B, Examples of Sectoral Management Approaches in Development.

E. Comparative Managerial Strengths. Managerial requirements differ widely among developing countries and by regions within countries. Some countries need only marginal advice to top off their own resources. They desire, primarily, opportunities for the exchange of views and research and access to advanced training. Others, including some financially well off, but lacking indigenous management capacity, and some of the "least developed" can benefit from extensive training programs for present and potential public and private managers and technicians both within the country and abroad. These countries often need assistance in training persons to provide administrative support services, such as record keeping, accounting, office skills, procurement, etc., for both public and private enterprises. People trained to establish appropriate organizations and institutions to perform these tasks and to formulate programs, analyze requests, and prepare projects--whether financed internally or externally--are needed. Management implementation and evaluation skills must also be developed.

AID has sought to differentiate between those countries whose development efforts are in this initial stage

and those which are well advanced. Even within each group there is a wide array of conditions. Policies, programming, evaluations and judgments will have to continue to be adjusted to those differences.

Also, some countries that are comparatively sophisticated in general management understanding and techniques, are only beginning their approaches to sectoral or spatial management. Other countries have sectoral strengths but lack a unifying central management system.

Project design skills can be acquired through training, but a design and implementation system needs to be adapted to continuing experience and the degree of development of the country. A trained managerial base is essential in achieving good project design and flexible implementation. Institutions capable of taking over these training tasks and developing or applying systems and management methods are also required. The greatest need is often a change in attitude toward management. Given sufficient commitment by the political leadership, indigenous institutes and operating entities can be the catalyst for such change.

All countries have organizational or geographical concentrations of effective management. It should be possible to spread these centers of excellence without destroying them. An alternative is to graft new functions on well managed units.

F. Coordination of Effort. Present arrangements for coordination of donor management improvement efforts are not adequate in some countries. As U.S. programs have declined in size and importance the leadership role previously exercised by a number of AID missions is no longer possible, justified, or desirable. Hence program coordination with other bilateral donors and international and private agencies is more important than ever in planning management assistance programs. The best solution is to encourage leadership by the country itself.

Early exchanges with donors on program ideas and continuing exchange of materials with international agencies and both donor and developing countries were urged. Cooperation with the United Nations, the U.S. Information Agency and private foundations and associations in

sponsoring visits by authorities and development experts was suggested as was a more active role by USAID officials in local associations and seminars.

G. Management Training. Earlier sections have dealt with aspects of management training. One weakness which should be corrected is the lack in training faculties of adequate practical experience. A related problem is that practical case studies are not available. Those which are used often have little applicability to the situation in the country in which instruction is given. Some American university programs recognize this need in their work overseas and in training participants in the United States, and consequently are more successful in producing effective managers, ✓

Training should seek to provide analytical ability and operating skills rather than simply knowledge or techniques. Techniques become obsolete but analytical and operating skills remain.

Much secondary managerial training is present in technical training. An example is the training provided through military assistance programs. All U.S. military training includes a substantial element of administrative and managerial training. Similarly, training for educational and public health administration includes attention to general management problems. There are other resources such as private business training for particular industries, often financed by international companies, which can supplement the general management resources in a developing country. Cultural exchange programs include management exchange and training, and limited programs are conducted by non-profit organizations in a variety of fields. Often private non-profit groups are the best means of meeting special managerial needs in technical fields.

H. Combining Approaches. The Work Group found wide agreement that the managerial requirements for development deserve, and should receive, increased attention. But the review found it equally clear that managerial assistance needs to be closely related to the technical, economic, political, and social/behavioral factors in development. Though the hopes of gains to be made by "miracle seeds" or other technological breakthroughs have been sobered in

recent years, it remains true that the development depends heavily on technological advances. Similarly, economic and social factors in development must not be ignored. If one defines management as the "judicious use of means to accomplish an end" it may be claimed that management provides an integrating framework for the analysis, planning, implementation and evaluation of development activities. The application of that integrating framework is by no means a monopoly of management professionals. Taken alone, a management approach will prove as inadequate as separate macro-economic or technological approaches. But emerging approaches to development work in which the various needed perspectives are woven together early in the process hold considerable promise.

1. Information Flows. In its discussions in Washington and with field personnel the Group became aware of inadequate exchange of information among Washington offices and among field missions. Although present exchanges within regions were not considered satisfactory by regional bureau and field missions, the most serious gap is in the exchange of information among missions in different regions. Action is underway to correct this situation on a long range basis, but more immediate measures are required.

The Group's preliminary suggestions for special world-wide meetings or special program reviews to emphasize and deal with management problems were supported by some of the overseas missions but were seen as impractical by headquarters respondents. As an alternative it is suggested that a definite block of time in each regional mission directors' conference be set aside for consideration of managerial problems and that an effort be made to provide cross regional participation. For example, personnel working in Africa would benefit from a discussion of a specific sectoral project with a director from Latin America. While this would involve time and travel expense, it is believed the benefits in information exchange would justify these costs.

Improved exchange of summarized information about innovative projects, research and development results, and the "state of the art" in management were also called for.

J. AID Capacity. The Office of Development Administration in the Bureau for Technical Assistance is responsible for technical leadership in development administration. It conducts a limited research and development program and provides limited consultative services. The scope of present services is inadequate if an increased emphasis on management is desired. Most of this responsibility should rest with line officers administering field programs, but some strengthening of staff services will be required, both in the central staff offices and in the regions. Some of the field missions may be inadequately staffed for the tasks they are being asked to perform by Washington. They will need expert and consultant services on a short and medium term basis.

A sharing of personnel and experience among regions through cross-bureau transfer, temporary duty assignments and cross-bureau conferences should be encouraged.

The draft report's suggestion that regional advisors be located overseas drew a divided response. Some missions welcomed additional assistance; other respondents found little value in personnel without in-depth country knowledge. Others rejected any increase in mission size on political grounds. The regional bureaus expressed a preference for basing such advisors in Washington and saw little difficulty in extended temporary duty assignments.

Two regional bureaus have a position for an officer who devotes a major portion of his time to managerial considerations. This seems a minimal, perhaps inadequate, commitment. Depending on identified program needs, a minimum of two such advisors in each bureau may be indicated. Some opposition was expressed to any strengthening of the Office of Development Administration. It would appear, however, that concentration of a limited effort in one location is more likely to be productive than a diffusion of effort. Opposition to concentration of research and development evaluation seems more justified. The response of the Bureaus for Latin America and the Near East are particularly reassuring in their strong commitment to such an effort. Logically, the location of evaluative research close to operations is desirable and the report reflects this view of the regional bureaus.

Testimony from those inside and outside the Agency emphasized the need for increased managerial capacity and knowledge by AID officers. Other deficiencies in Agency personnel noted by outside critics were lack of adequate

understanding of cultural and social conditions and values in the developing countries. The Agency has in recent years lengthened the tours of its officers with a resultant increase in adaptation of management techniques and procedures to the specific problems of the country. Other internal changes are underway to improve managerial capacity.

WHAT IS "MANAGEMENT"? *

"Management" is the direction of activities and resources to achieve desired results. It can become quite complex, of course, and in large bureaucracies such as governments, the management process becomes quite differentiated and specialized in its elements. For example, budgeting, accounting, auditing, and supply are just a few of the specialities within the management process that can become large activities.

The "management" referred to in this paper is not the management of AID assistance but the management of whatever activities are the object of AID assistance. Normally, these activities are conducted by one or more developing country organizations receiving the assistance. AID assistance is usually aimed at modernizing, expanding or modifying some organizational capacity to provide an improved product or service. The capacity may involve growing more food, agricultural extension work, spreading information about better nutrition, delivering medical services, training workers, etc.

In addition to creating or modifyig a capacity to produce a product or service, AID may wish to increase "effectiveness" or "efficiency" of organizations (or programs or projects or any system). By "effectiveness" is meant the degree to which an organized effort is achieving its intended result. By "efficiency" is meant the relative effort (measured by inputs such as money, time, materials) to produce an output. Thus, cost per mile of road built, or cost per patient consultation, or cost per student-year are efficiency measures.

Part, but not all, of the factors that influence effectiveness and efficiency are the management processes to be described more fully later. Hence, a focus on the management elements of an activity receiving AID assistance may be desired either to create the activity, enlarge it, modify it, improve its effectiveness or efficiency, or make better use of its resources.

*Prepared by Mr. Edward Rizzo, former AID senior officer and presently a management consultant on international development projects and programs.

But AID gets involved with diverse assistance efforts -- in different sectors, in different cultures and of differing scope, all the way from a project to an entire sector covering hundreds of organizations. Does the term "management" have the same meaning for all these conditions? Yes -- if "management" is understood as a basic system which is constant in principle but variable in application. Any sector, any culture and any size of purposeful activity is likely to require the following elements in a greater or lesser complexity, and with variations of specific procedure for a given setting:

All organized activities need a statement of

- purpose (the goal),
- a division of tasks and commensurate authority (organization),
- a flow of resources (money, material, manpower, data, etc.)

The activities require various kinds of

- support systems (financial management, supply, personnel, information, facilities, transport, etc.)
- data feedback as to how the activity is moving (reporting and evaluation about internal activities)
- check up on desired effects (reporting and evaluation of external impact)
- coordination of the above activities
- mctivation of the people involved (leadership)
- and effective relations (linkages) with other people and organizations affecting the activity.

Whether it be a simple project or a total sector, these elements are required. As the activity grows in size, the elements become larger and more complex. For example, in a simple project the planning and budgeting may be done part time by the project leader. In a sector, there may be an entire office dedicated to planning and budgeting. More important than the size of the units is whether they are performing their functions adequately.

The foregoing elements can be considered as the management system which in turn is part of a larger action system. The action system contains all the elements necessary to produce the services and product and deliver it to its

intended users or clientele. An action system, therefore, is also concerned with the technology, the operations by which the inputs of men, money, materials, etc., are transformed into the products or services, and the delivery of these. An action system may be part of an organization (e.g., teaching program in a university) or be composed of many organizations (e.g., the action needed to produce, store, transport and market corn in a given area).

Conceptually, then, the action system comprises:

The guidance system -- leading, planning, directing, organizing, and controlling the action process.

The production system -- transforming the resources into products or services.

The support systems -- the arrangements for manpower, money, information, material, etc. -- necessary for the system.

The delivery system -- the means of getting the output to the intended users.

Since these are all interrelated, it is useful to consider them together. For purposes of this paper, however, the emphasis will be on the guidance, support and delivery systems since the production system is the subject of considerable literature in agriculture, health and education.

The following list amplifies the elements that make up these major components of an action system. The elements are not things or people but actions which must occur if the system is to operate well.

Guidance System

Leadership -- the capacity to set goals and motivate others to achieve them

Setting Objectives -- policies, standards, norms --

- for the outputs
- for the use of resources (inputs to achieve outputs)
- for the organization
- for linkages outside the organization

Developing Plans)
Programs)
Projects)
Priorities) determination of what is to be
Organization) done, when, by whom, and how
Procedures)
Methods)

Resource Allocation -- Decisions about use of money, material
manpower, time, data, facilities, etc.

Directing Activation of plans and implementation.

Coordinating

Communicating

Reporting) The feedback cycle that permits
Evaluating) correction of plans and actions.
Corrective Action)

The Support Systems --

Personnel -

- Supervisor and executive, develop-
ment, promotion, pay, incentives,
and removal.
- Merit standards for selection and
promotion, salary, career ladders,
training, incentives, retirement.
- Motivation, team work, support for
the organization's objectives.
- Competence, quality, number, conti-
nuity and stability of personnel,
flexibility in utilization of staff.

Financial Management

- Source, stability and amount of income.
- Budgeting and allocating spending authority
- Accounting for fiscal and program purposes

- Disbursing and cash management
- Auditing and inspection

Material Management (supplies and equipment)

- Determine requirements and specifications
- Purchase, store, distribute and dispose of
- Repair, preserve, control and account for

Administrative Services

- Space, facilities, furniture, utilities, telecommunications, transport

Information

- Information about external impact of systems and on systems
- Information about internal activities -- use of resources, work accomplished
- Data processing, analysis, reporting, storage and retrieval.

Delivery System

- Packaging the product or service, transporting, selecting the channels or methods for presenting to end user, maintaining quality, flow and feedback on clientele satisfaction.
- Informing the user of the product or service, making it accessible, convenient, suitable for the sub-culture of the user at a feasible cost.
- Relating the delivery to the end user's capacity to absorb the output, local participation, local self-help, community organizations to sponsor, inform and assist in the delivery.

CHARACTERISTICS OF AN EFFECTIVE
MANAGER OR "MANAGEMENT" SETTING*

1. Goals or Purposes. Capability to set clear goals against which accomplishment (success or failure) can be measured.
2. Competence. The command of knowledge of the general subject and the specific areas of work.
3. Perspective. The understanding of the broader setting in which a particular activity is undertaken.
4. Decisiveness. The ability to make judgments without undue delay.
5. Thoroughness. The ability and the determination to get options recognized and stated as a prerequisite to decisive action, and to follow through on actions undertaken.
6. Innovation. The capacity to understand goals or purposes and the problems involved in reaching those goals and ability to provide new or non-traditional solutions to problems and approaches to goals.
7. Cooperation. The ability to enlist the support of others in work toward goals by conveying to them the importance of their participation and by giving them full credit for their contributions.
8. Energy. The well directed enjoyment of hard work.
9. Administrative Skills. The mastery of the supporting services required to accomplish a task and the understanding of the private or public bureaucratic environment in which the work is to be done.
10. Humility. The knowledge of personal strengths and weaknesses and the capacity for acknowledging personal mistakes and failures and for assuming consequential responsibility for errors.

* Adapted from suggestions received from the Rockefeller Foundation and others.

APPENDIX B

EXAMPLES OF SECTORAL MANAGEMENT APPROACHES IN DEVELOPMENT

Sector assessments and other analyses increasingly address management factors. Health sector assessments supported by AID in Bolivia and in the Dominican Republic included a management specialist on the assessment team. Explicit attention to health management and organization has been provided by the World Health Organization in its projects.

Simplified systems perspectives are being applied in development analysis, and are increasingly used in planning and operations. The Harvard Business School has developed a useful approach to systematic analysis of commodity flows and related requirements in production and marketing. Under an AID contract and subcontracts with collaborating regional LDC institutions this "commodity action systems" approach has been applied to fresh produce exports of several Central American countries and maize production and marketing in the Philippines, Thailand, and Indonesia. The World Health Organization has developed methodology for health project systems analysis and project formulation. A new international agricultural development service for consultation and other services employing systems perspective is being established by the Rockefeller Foundation. This service should be of major assistance to the developing countries and to donor states.

The AID Bureau for Latin America has pioneered strong sectoral management programs in a number of countries. Analytical studies of this experience are in preparation and should offer useful prototypes for use in other areas and countries.

In Brazil the education sector reform program supported by AID loans has built stronger state-central government relationships, improved capability for planning, financing and evaluating educational programs, and given impetus to educational reform and duplication of model schools. The Government of Costa Rica has set up new organizations and systems to improve the outreach of agricultural services and other aspects of rural development.

Two AID loans have supported this work, and the Inter-American Institute for Agricultural Sciences (IICA) helped develop methodology and provided consultative services.

These developments provide experience that can be used in other countries once it is adapted to differing circumstances.

The IICA agricultural management team, which was started under an AID grant, has found a ready acceptance of its program analysis and management approaches in other countries of Latin America. Other examples of useful program management methodology are the planning, implementation, and management (PIM) system employed in Kenya, and management information systems developed in the Philippines under the USAID Small Farmer Income and Production Project.

Providing inexpensive integrated services to small farmers is another area receiving increased attention. This is a feature of the work in Costa Rica and the Philippines previously mentioned. The Philippines "Masagana 99" project to increase rice production deals with seed, supervised credit, fertilizer and pesticides. The integrated service approach is now being expanded to other crops. In Bolivia a private organization is using an integrated approach in providing grass roots organizational assistance together with services for production inputs and marketing.

The experimental approaches underway as a result of the initiatives of the International Bank are also encouraging. Such concepts as low cost aid on seeds, fertilizer, and credit for small farmers with minimal extension service and managerial requirements suggest a useful approach to some present difficulties in reaching the rural poor.

In the Near East Bureau, training approaches to improve sectoral management training effort mounted by Turkey with AID assistance improved the linkages among, and effectiveness of, Turkish agencies concerned with agriculture.

In Africa a project in Ghana is underway to provide

integrated training at central and field levels and combine the training resources of the University of Ghana, the Ghana Institute of Management and Public Administration, and the Ministry of Agriculture. Course offerings will range from a masters degree in agricultural administration to work planning at field supervisor's level through in-service seminars that are focused on solving real problems in the local area.

The African Bureau has developed a check list for management capability which might be expanded for general use by missions.

A number of interesting and partially successful efforts have been made in the past by AID alone or in cooperation with other donors to compare managerial techniques and forms of local participation in improving agriculture in rural areas. The Pueblo project in Mexico and the Comilla projects are examples. The latter case illustrates the importance of continued top level governmental support and committed local leadership. This project was quite successful in the early stage when these were present in good measure. It has been less successful in its later stages. In-depth comparative evaluation of projects of this nature would assist AID in approaching its new tasks. The monitoring and comparative research regarding local action components of projects in many countries under the Local Action Capability Project of the Office of Development Administration will soon be available for Agency use.