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HOW FOREIGN AID WORKS

by

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My talk this evening is about the nuts and bolts of foreign aid. Its purpose is to permit you to participate intelligently in next week's two-day seminar (Renewable Resource Management in Latin America) with two major foreign aid agencies, the U.S. Agency for International Development (USAID) and the Interamerican Development Bank.

There are four parts to this presentation. First of all, I'm going to spend a few minutes giving you a historical prologue on the foreign aid program--just a little perspective setting, a framework.

Second, I will describe the main elements of foreign aid today as practiced by almost all donors--World Bank, USAID, Interamerican Development Bank, the British, etc. These elements include four items: 1) what donor funds are used for; 2) the basic role of foreign aid in development projects; 3) the role of research, much too briefly I fear, and; 4) the question of professionals and peasants in development.

Third, I'm going to talk about the role of universities in USAID-funded projects. That's the main body of information this evening. Fourth, I'll wind up with a discussion of four common problems that campuses face in dealing with foreign aid projects in developing countries.

I. Historical Prologue

Thirty-three years ago this month, in January 1949, President Harry Truman announced that the U.S. was starting a worldwide program to fight mankind's age-old enemies--hunger, ignorance, and disease. Some of you may recall that he also said that "this is the only war we seek." These remarks were the fourth point in a series of points on U.S. foreign policy and for many years the program he started was

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known simply as the Point Four Program. In fact, in parts of the world, our foreign aid program is still spoken of as the Point Four Program. His speech was the beginning of today's vast, cooperative process aimed at development of the poor countries of the world. The process is so vast, in fact, that many people are baffled by how to get information on it and where to turn for data. We've sent you a pamphlet prepared by USAID, called "Information Sources for Economic Development," which might help.

In 1949, the U.S. invented the idea of bilateral cooperation for development and not for profit. It caught on. The United Nations took it up, the Organization of American States took it up, and we now have the UN Development Program, World Bank, Interamerican Development Bank, and Asia Development Bank--all spinoffs from this idea. Europe and Japan took it up after the Marshall Plan had fueled their recovery from World War II. In fact, it seemed to be so important that the Russians took it up and the Chinese took it up. Since then, Russia has dropped out. Apparently it did not serve their interests.

The program evolved. Let me give you very quickly the principal characteristics of each decade.

During the first decade, the 1950's, concentration was on transfer of technology--ideas, tools, and techniques. Most of this work was done in agriculture, health, and education. Those were the big thrusts and they still are. Also, village development was involved, industrialization to some extent, and public administration. That first decade was marked by great enthusiasm, sort of like the first decade of the Peace Corps. It was also marked by some of the same naive optimism, particularly about the relevance of western technology and about the readiness of the Third World to make quick changes.

In the second decade, the 1960's, the economists moved in. They were flushed with success from the Marshall Plan which had indeed been a howling success. So the thinking in the development field moved from concentration on people and technology to concentration on capital assistance, especially for infrastructure such as roads, dams, buildings, and rural electrification. In the discussions, macro-economic theories dominated, particularly at the development conferences. That was the name of the game. If you weren't into that you might as well stay home.

When the third decade started, the 1970's, people concluded that although there were a lot of successes there was still a lot of poverty and the economists didn't seem to have answers for what were beginning to be seen as the key problems of poverty. Capital seemed to be important but there needed to be changes in the way people did things. In other words, we went back to the ideas of the 1950's. So, in the 1970's, you found a renewed attention to technical cooperation--rather than the transfer of technology--accompanied by capital assistance--a blending of the themes of the '50's and '60's. In addition, there were some special new efforts being started. Special attention was given to curbing population growth, to who benefits from development, and to bringing the poor majority, particularly the small farmers, into the

development process through food production projects and through broad rural development programs.

The fourth decade is the one in which we are now. The 1980's sees a continuation, as near as I can tell, of the emphases of the third decade, that is, the blending of technical and capital assistance, but also an emphasis on population, on who's benefiting, though perhaps less so. There is also rapidly rising attention to natural resource management and, from the U.S., a renewed attention to the private sector investment. This means, I'm afraid, primarily large investors.

There are two other points about these 30 years that have passed since Harry Truman's inauguration of this program. One, the Third World emerged, and then it split into the Third (less developed) and Fourth (least developed) Worlds. By 1980, donor attention had become focused increasingly on the Fourth World, in which there are some 26 countries. By this time, much of the Third World, such as Turkey, Korea, and Taiwan, had graduated from development assistance.

Second, the U.S. effort in development assistance as a proportion of national income dropped from the highest to one of the lowest among the noncommunist, industrial countries. Sweden, Holland, and Belgium, for example, are far ahead of us in the proportionate level of national development effort. However, the U.S. is still the biggest in absolute terms.

What are the dimensions of this game? Development assistance funds available for 1980 were as follows: The biggest by far was the World Bank (International Bank of Reconstruction and Development and the International Development Association (IBRD/IDA)). The combination of these two institutions made available \$10 billion for development to both the Third and the Fourth Worlds. The Interamerican Development Bank made available \$2 billion. U.S. bilateral programs made available \$2 billion for development assistance and about \$1 billion for the development part of what is called Security Supporting Assistance. These latter are funds primarily for Egypt, but also for two or three other countries in the Middle East. The Asia Development Bank contributed \$1½ billion; United Nations programs, primarily United Nations development programs, \$½ billion; then a very large total--\$8-10 billion--from other bilateral donors such as Japan, England, Germany, Scandinavian countries, Italy, Australia, and China. No longer Russia.

## II. How Foreign Aid Works Today

Let me turn to the question of how foreign aid works today. First of all, what are donor funds used for? Most donor funds go for joint projects with LDC's (less developed countries). There is also RLDC which stands for, depending on your frame of mind, really less developed country or relatively less developed country, and that is the name for what is euphemistically called the Fourth World. That is the poorest of the poor, the 26 poorest countries in which are included most African countries, several countries in Asia, several countries in Latin America,

Bolivia, Haiti, and possibly Honduras. In Asia it's Nepal, Burma, Laos, and Bangladesh. In any event, most donor funds go for joint projects with the least developed countries (LDC's). However, some funds also go for studies and for research either in the developed countries or in the developing countries. And further funds of course, go for agency administrative costs, including the Strengthening Grants at University of Idaho (UI) and Washington State University (WSU). So it's not to be sneered at.

There are several types of joint projects. One supports infrastructure. These are the big dams, highway projects, and harbors. The big players in that are the IFI's (International Financial Institutions--the multilateral groups), World Bank, IDA, Asia Development Bank, Interamerican Development Bank, and the United Nations. The Japanese do some, the new OPEC fund does some, but primarily infrastructure is something that bilateral donors like the U.S. are no longer involved in. It's simply too expensive. USAID does do a few small things of this type in conjunction with its technical assistance programs like farm-to-market roads, rural irrigation, and rural electrification.

The second type of project is a production project and that's one that all donors are involved in. This is the one that gets most of the attention and indeed is probably the most significant group of projects being undertaken by the developing countries with foreign aid assistance. Major attention is given to increasing agricultural output, especially food, but conserving soil, rangeland management, and forest management are increasingly included as sub-goals by most donors. Integrated rural area development has reemerged in the 1970's as a major area of emphasis. This covers on-farm and off-farm production, small infrastructure, and education, and health in a geographic subunit of a particular country. This is called rural area development.

The third type of joint project involves institutional development. An agricultural extension system, a national rural health and family planning system, a teacher training system for primary schools, and a watershed management system, are examples of institutional development. It usually includes either starting or strengthening a specific LDC training institution, often at the university level, but sometimes at the secondary level, and sometimes barely literate villagers receive training. The U.S. is probably the best among all the donors in the field of institutional development. The University of Idaho Strengthening Grant Program will have a one-day seminar on that subject this spring.

#### What Donor Funds Are Used For

Now, the question is, what are the donor funds actually spent on? They are spent on two things broadly. One is foreign exchange costs and the other is local currency costs. Foreign exchange costs are the costs that have to be paid by a developing country for its development projects in dollars, or in British pounds, or in French francs; that is, paid in what's called a hard currency. This is the LDC's scarcest commodity so, not surprisingly, it's the one thing they particularly want from foreign aid donors. That money is not used to provide Swiss

bank accounts for the leaders of the countries, as is often alleged. That money is used to buy goods and services. For example, the training of LDC professionals at foreign institutions (UI, WSU, or the University of the Philippines) is such a foreign exchange cost--one the countries simply cannot afford to put their own funds into.

Second, donor funds are spent on the providing of capital equipment such as laboratory equipment for colleges, vehicles for health supervisors, or, for the big players, turbines for dams. That's another foreign exchange cost.

Third, donor funds pay for foreign exchange costs of foreign specialists to train local professionals. That's where you come in. Your salaries, those of you who go into a foreign aid contract, are foreign exchange costs for the project and are paid by foreign donors.

USAID usually puts all of these types of foreign exchange costs together. That is, the training, equipment, and technical experts are put into a single contract package, and usually a U.S. university works for some years in an LDC providing training, equipment, and experts.

Local currency costs are costs paid inside the LDC in the LDC's own currency (of which they often have more than they need, hence, inflation). They're used for such things as constructing buildings with local contractors, rural credit for small farmers, and sometimes for budgetary support for the government itself.

### Basic Role of Foreign Aid in Development Projects

What is it that foreign aid does besides supply money? You'll be interested to know that, in fact, we don't supply most of the money in a number of cases. The LDC has a paramount role in development projects. The LDC provides the leadership, 10-50 percent of the cost (depending on the poverty condition of the country and depending on the project itself), 95 percent or more of the personnel, and they pay virtually all the political and social costs of the project.

The key point here is, that for a joint project (such as the one we're going to discuss this evening) to succeed, an LDC group with some power must want the project and must be willing to work hard for it. If that's not there, forget the project if you're interested in success. The role of the foreign aid program is to weigh in behind this interest group with money, with talent, and with access to decision makers. This is obviously extremely important, but it's secondary. Regarding the influence that donors have, it's through this sort of support to an LDC interest group, and the related analysis and dialogue about the project and its larger environment, that policies of LDC's are influenced in practical ways by effective foreigners working with LDC reformers or interest groups (groups that are interested in something happening). That, in a nutshell, is what really effective foreign aid does.

### Role of Research and the Centers of Professional Excellence

Most of the donor money goes for joint projects with LDC's, but a considerable amount does go for research and for analysis in both the natural sciences and the social sciences. This research is aimed at such things as perfecting a malaria vaccine, devising ways to maintain fragile coastline resources, or finding successful fuelwood strategies. The list goes on. I think that the USAID budget for research each year is somewhere around \$100 million, give or take 10 or 20. For new projects, somewhere between \$15-25 million is spent, the rest provides continuing funding for ongoing projects. These research projects usually do not involve LDC government financial contributions. They often involve LDC and developed country scholars and scientists working together in both the developing country and the developed country research centers, linking the research centers together. USAID usually contracts with U.S. academic institutions like UI or WSU, or with a nonprofit organization such as Battelle Institute or Development Alternatives, Inc., or Stanford Research Institute. Usually they call for the U.S. contractor to bring in an LDC institution. Sometimes the process is the reverse, but usually not.

With regard to both research and technical assistance abroad, you ought to know that USAID has done more than any donor in organizing technical experts to work abroad as short term consultants. In main fields, but especially in agriculture, this is true. In this, we've drawn particularly on land-grant colleges. For example, Mississippi State is surely the world's leader in questions of seed multiplication technology. Kansas State is probably the world's leader on grain storage systems. Now the UI has been given a grant to become the world's leader on post-harvest losses of perishable food other than cereals. The Post-Harvest Institute will probably take its place in due course alongside these other centers of excellence.

### Professionals and Peasants in Development

The topic of professionals and peasants in development came to mind from reading a book by a man who doesn't think very much of professionals in development. His name is Ivan Illich, and he's put out a new book called Shadowwork--a most provocative book--stimulating, possibly correct.

Without intellectuals and without trained professionals from the developing countries and from the developed countries, there would be little of the rapid development of the past 30 years. Professionals identify large goals, plan large undertakings, suffer large failures, and enjoy occasional successes. They go through the sweat, frustration, and pain involved in pushing the process of change. They evaluate what's happened in order to benefit future efforts. Those are all good things. But, on the other hand, we should be clear that professionals also take care of themselves. They profit intellectually and financially from the development process. Professionals talk among themselves, write for each other, and assume that nonprofessionals will, or at least should, do as the professionals advise them to do. I'm not being

facetious. Having worked in developing countries, I want to make a point. These characterizations are particularly accurate for the developing world where most professionals come from the small social or religious elite groups in the country.

Ivan Illich is a brilliant social analyst who objects fundamentally to the development process. You ought to read him. He has some highly critical things to say about what he views as the "cozy club" of professionals involved in development. You should be aware of this as you prepare to join the club. Perhaps you're already in the club. He's unsettling, but a lot of people are reading him, and you ought to know what they're reading.

Regarding the peasants in the villages or on scattered farms, most development projects over the past 30 years have been what are called "top down." Another phrase that is used which is accurate is that they were "parachuted in" on villages, on scattered farmers, and on nomadic groups. In fact, the LDC elite have been treated little better by the professionals in their country or ours. Basically, professionals have done development to people. Much of development effort has failed. I don't mean it's all failed by any means, but much of it has failed. There is one simple reason for that. The top-down approach has its place. It works fine for projects to build highways, or to build universities, or for capital intensive production enterprises. It worked very well in the Marshall Plan. But it works badly for projects to change the way large groups of people do things--projects like family planning, labor intensive farming, or renewable resource management. Most projects that most of you will be involved in will be aimed at behavior change of rural people in the world's poorest countries.

There are two basic principles about such projects. One is that behavior change projects that work must have important participation in planning or evaluating by the people whose behavior is to be changed. Participation must be sought, at least in evaluating the actual working of the project as it is being implemented. One reason for this is the second principle which is: the rural poor have a high aversion to taking additional risks. Their lives are already too risky. Behavior change is risky. In designing or implementing or evaluating a behavior change project you must have the opinions of the rural poor as to what risks they are prepared to take and under what conditions they are prepared to take them. Otherwise, they are unlikely to take the project seriously.

I might tell you that the rural poor are experts at dealing with professionals. By and large they disregard them, because they're not speaking together--they're not really communicating. It's breaking through that communication wall that's the key problem and the key need if professionals are going to be effective in working in rural development or in resource management.

### III. The Role of the University in USAID-Funded Development Projects

For USAID funded projects, U.S. and LDC universities supply a majority of the professionals. U.S. universities also provide on-campus training for experienced LDC professionals. University faculty are generally brought into the AID-funded activities through a university contract and sometimes through a personal services contract in two ways. One is for short term assignments in an LDC, say 30-90 days, to help the LDC government and the USAID mission plan or evaluate projects or broader sector programs involving several projects. Usually you will be asked to do analytical work for which the USAID mission does not have qualified staff. Short term assignments also may be undertaken to help in workshops, training sessions, or to participate in policy and planning seminars with some of the LDC's more talented people. These are short term assignments.

Long term assignments are the other form of contract. These are usually for two years, hopefully renewable for another two, or a third two. These assignments are in an LDC to help implement a project that you may or may not have helped to plan and, unfortunately, you usually will not have helped to plan it. You are usually given it. This calls for a major commitment of time and involves, of course, family decisions and career considerations.

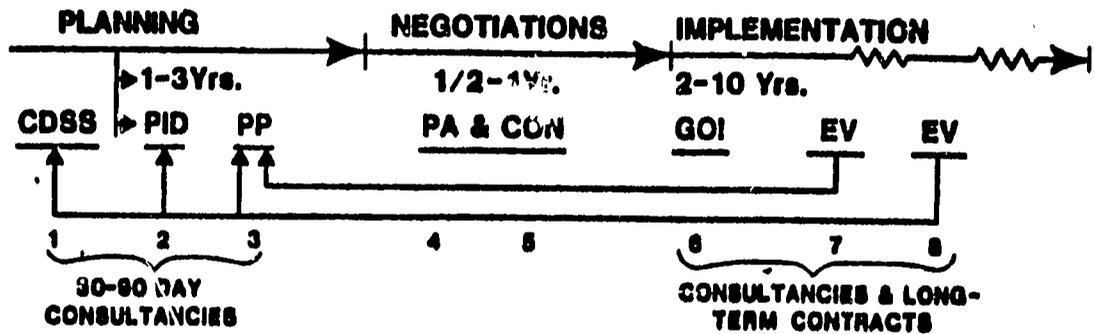
There is a third element I want to mention, and that is, particularly for research or for special analyses, the contracts may call for you to do much work on the home campus. This is also true for such things as complex computer-related analyses for LDC-based projects. There's nothing quite as undependable as a computer in an LDC.

### Main Steps in USAID-Funded Country Projects

The country project process takes 5-15 years all the way through. So at least it's not short. And at best it's very long. Planning takes anywhere from 1-3 years. Negotiations take from 6 months to a year and implementation takes anywhere from 2-10 years, and with some of the new projects, possibly longer.

Particularly frustrating is the fact that planning takes so long, especially in USAID. The agency's been trying, with some success, to shorten the process. In Nepal a 3-year radio education project took four years to plan. That was despite the personal interest of the King of Nepal and the Administrator of AID in Washington.

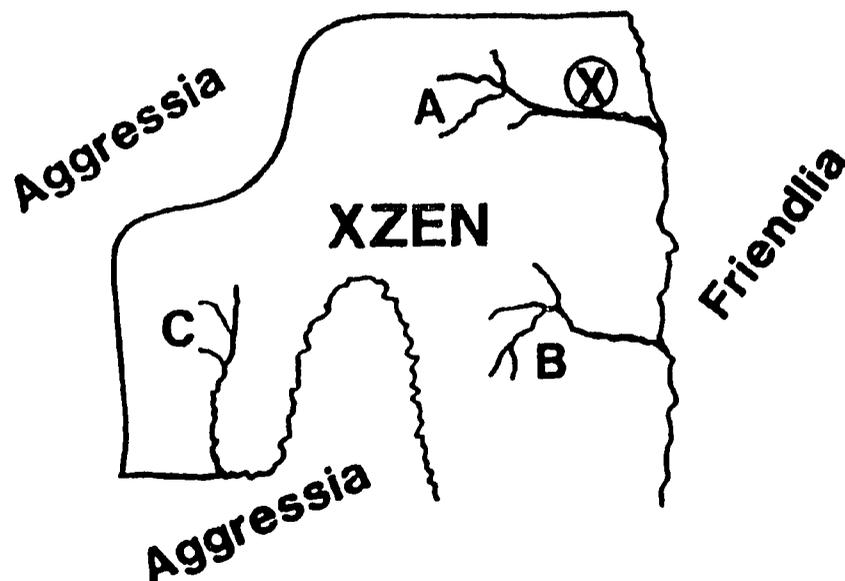
## A.I.D. COUNTRY PROJECT PROCESS



### STEPS

1. Country development strategy statement preparation and approval.
2. Project identification document preparation and approval.
3. Project paper preparation and approval.
4. Project agreement negotiation and signing.
5. Contract negotiation and signing.
6. Implementation.
7. Evaluation.
8. Evaluation.

To illustrate the country project process we're going to deal with a hypothetical country called Xzen. Xzen has its name because of two



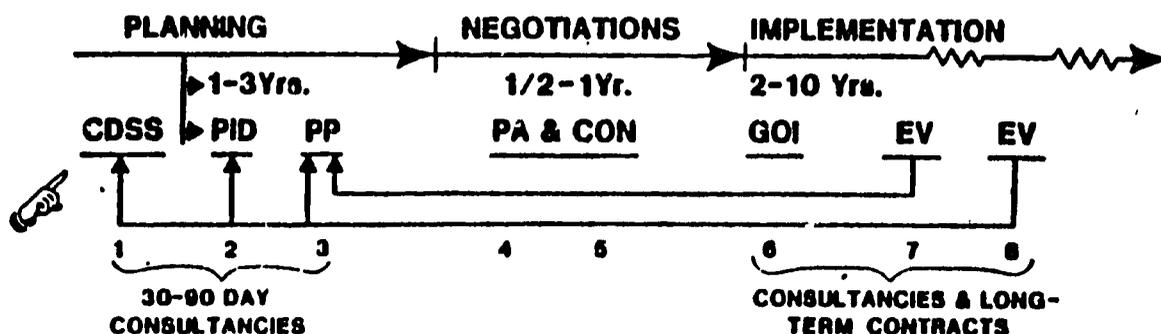
national characteristics. One is a philosophical acceptance of life's tribulations, and in that you have the last three letters, "zen." The "xen" reflects a skepticism, not to say hostility toward, foreign ideas and foreigners sometimes themselves, as in xenophobia. So the country is named Xzen. The key players are the government of Xzen (or GOX as it is known in AID cables), the USAID mission to Xzen (or USAID/X), and the AID headquarters in Washington, D.C. (AID/W). AID in Washington is about 10,000 miles from USAID in Xzen.

GOX = GOVERNMENT OF Xzen  
 USAID/X = USAID mission to Xzen (in Xzen)  
 AID/W = USAID headquarters in Washington, D.C.

Then there will come into this little drama the UI/WSU campuses. They are 3,000 miles from AID/W. It is a long air trip from UI/WSU to Xzen--13,000 miles. We're using music stands to symbolize each of these places because the process must be well orchestrated and played in harmony.

The country development strategy statement or CDSS is really a very important document--it establishes broad assistance strategy within which a project proposal must fit in any country. There's a CDSS for

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Xzen and also for Sri Lanka, Tanzania, etc.). Xzen's CDSS lays out broadly where Xzen is trying to go in development and where USAID fits in by major problem areas, for example, food production or renewable resource management. CDSS is based on the country situation,

guidance from Washington about worldwide problems, and analyses and evaluations which take place in Xzen or which are brought into AID's memory system from other places. Interesting enough, as AID gets older, its memory gets better. The CDSS is prepared by USAID staff, but it draws heavily on prior analyses by consultants, by World Bank teams and that sort of thing. Also, the CDSS estimates general budget requirements for the next five years. Nobody of course takes these projections seriously, but OMB said we had to have them.

### In Xzen

Let me tell you a little about Xzen. Xzen has two neighbors. One is called Aggressia and the other is called Friendlia. Xzen and Friendlia are friendly but Friendlia and Aggressia are not friendly and Friendlia has said the enemy of my enemy is my friend. There is a very important political discussion we're going to deal with. Aggressia is near an unnatural boundary of Xzen which is just arbitrarily put through a series of mountains. Another part of the border between Xzen and Aggressia is a natural boundary, a river system. There are three river systems inside Xzen which are important as watersheds and will be involved in the discussion later on. X is the capital of Xzen.

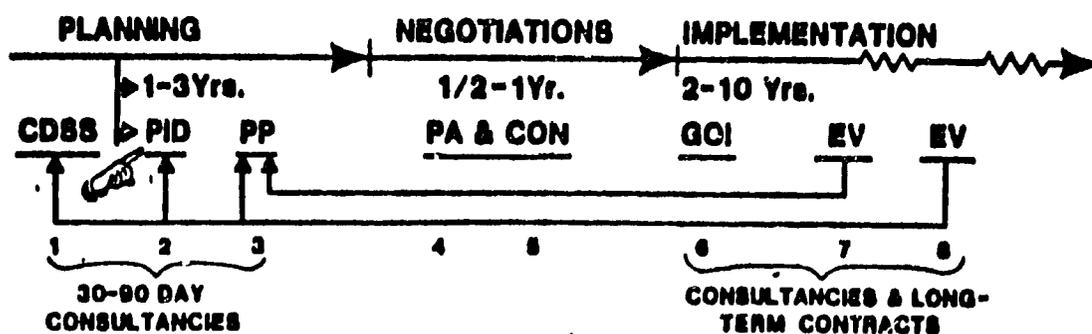
USAID's CDSS identifies three problem areas of desirable concentration. Increased food production is critical, child health and family planning are critical, and deforestation and soil erosion are critical. AID should concentrate on those three areas. USAID/X's arguments favoring this choice were based on some years of work by a UN FAO team that had been in Xzen working on watershed B and had come up with a lot of data about watershed problems, soil erosion, deforestation, etc. Also, the CDSS drew on a wide ranging analysis about the whole sector of resource management by a UI consultant who is an expert in forestry and watershed management. USAID/X and the UI consultant had a number of informal talks with professionals and with government officials of Xzen and this was reflected in the CDSS. In addition, there had been a good deal of preparatory softening up of AID/W through letters and by the USAID/X director's visit. And as any of you who know Washington realize, that's really the way decisions get influenced. Formal documents are one thing but real communication is another. The CDSS made the following points about a project to deal with the problems of deforestation and soil erosion: 1) A long term effort is needed, U.S. support would be required probably for 15 years; 2) AID should provide \$30 million over the next five years and, of course, there should be more from other donors in parallel projects; 3) The project is a natural for involvement of a land grant university through the Title XII Foreign Assistance Act, which is the authority under which, for example, the University of Idaho Strengthening Grant was received, and which urges AID and land grant schools to work together.

The CDSS is sent by airpouch to AID/W.

### At AID/W

In Washington the CDSS is carefully reviewed. A cable is drafted to go out to the mission from AID/W which says, "Look, we agree with your CDSS analysis and the areas of concentration, but with regard to the deforestation and soil erosion that proposal is 500 percent bigger than any previous AID project in that country and we don't think you can do it. However, prepare a PID and send it in. We'll let you know." The cable is sent to USAID/X.

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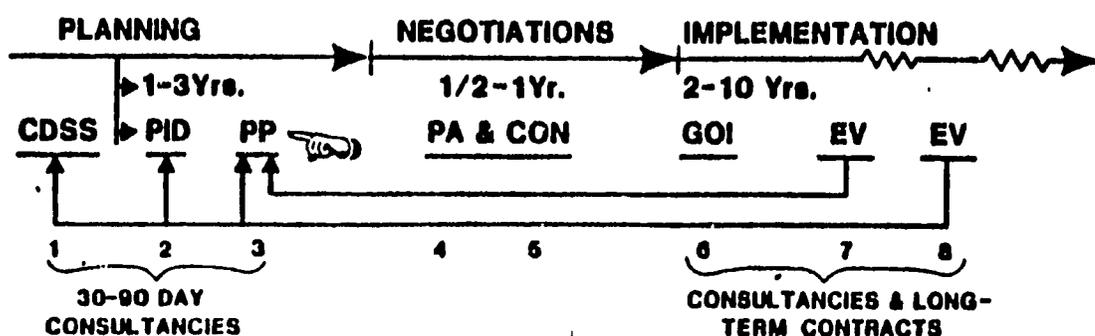
### In Xzen

With that cable authority, USAID/X sits down and prepares a project identification document or PID. The CDSS laid the groundwork but the PID is the first explicit statement of the project process. It's a preliminary statement about the intended project--it's about 10-15 pages, it's intended to get a fast review and a "go-no/go" decision from AID/W. It also triggers a couple of things. One, it triggers a search by AID/W of its memory and the provision of advice on typical problems to watch out for on that sort of project. Second, it triggers advice from Washington on the key concerns to deal with in the final project paper. For example, a PID might go into Washington, get reviewed, and if it's "go," AID/W might say "make sure you're dealing with A, B, C, and D."

The PID is drafted by USAID/X in collaboration with GOX. It is based on three things: 1) the University of Idaho consultant's report, 2) the evaluations of the UN FAO project in watershed B, 3) the evaluation

of a small farm production project underway in Xzen, with WSU technical assistance under an AID-funded contract. (WSU, as you know, has done a great deal of work in agricultural technical assistance throughout the world.) The PID entitles the project Renewable Resource Management. It proposes five years in phase I of the project, costing about \$30 million. This will fund three things. 1) A national resource management training center--the institutional development idea--the development of a secondary and college level institution to train various level professionals and subprofessionals in the field of resource management. 2) Field work in the three watersheds, A, B, and C in Xzen. 3) Decentralized planning and management of the field work in these watersheds by the district and village councils in those watersheds.

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The PID says that for the next phase, the project paper or PP, a team of analysts is needed. The team's skills should include remote sensing, soils, land use planning, local administration, forestry, cultural anthropology (particularly dealing with the role of women in the development process), and economics. The PID went on to say that AID/W should get proposals from several institutions and send them over for the Government of Xzen and for USAID/X to select from. A separate letter said AID/W could tell the institutions that good work on the PP means they'd have the inside track on the implementation contract. USAID added that the contractor selected should be one with strong interest in development on the part of the college leadership.

The PID was mailed to Washington.

At AID/W

In Washington the PP was reviewed with a good deal of interest, considering the price tag. Washington reviewed its institutional memory and prepared a cable saying, "Okay, you've made a good case, but absolutely no more than \$30 million, and pay careful attention in the PP to the following: the role of women in the process, because they are among other things the principal wood gatherers; participation by the villagers; and the commitment of the government of Xzen. We want you to use the following as evidence of GOX commitment: good interagency coordinating mechanism, because this is going to involve a lot of agencies; sending good staff to national training center, and budget buildup to support the project."

The cable was sent to USAID/X.

In Xzen

The cable was welcomed as good news. The project had cleared the main hurdle. Everyone cheered. The mission director had a beer with her lunch. She then called the government of Xzen and was "guardedly optimistic." Then they began a serious dialogue on issues raised by Washington.

At AID/W

Now we move from the PID process and into the PP. AID/W has the job at this point. Under the PID they were told to get a team. So they obtained proposals to prepare the PP from two land grant groups. One was a consortium of some 6-8 schools and the other was the University of Idaho in a team with WSU. Since forest and range are the key concerns, UI took the lead in this one. AID/W got together the proposals, looked them over, tidied them up, and sent them to USAID/X for review by the government of Xzen and they also added a point. They said, "Look, we really prefer a single institution to a consortium in any event, but we even prefer a single institution to a pair of schools, and though we may have talked about consortia a few years ago, we're not really so hot about them anymore. But it's true that this project involves such a wide range of disciplines that probably no one institution can provide good, available talent." Having delivered themselves of that sermon, they then said choose between those two. That information went out by airpouch from AID/W to USAID/X.

In Xzen

The government of Xzen looked the thing over and, not surprisingly, selected the Idaho/WSU team as superior.

### At UI/WSU

Here we find that the campuses have selected their six or seven people and the team members did some important things. One, they learned where Xzen is located. Second, at Idaho they read Marilyn Sargent's copy of AID's handbook on project design; at WSU they went to Jim Henson's office and did the same thing. What does AID mean when they talk about a PP? Those documents will tell you. The next thing they did was to get inoculations, airtickets, and shopping lists from their spouses. Then, the team departed for Xzen, 13,000 miles away, and arrived suffering from jet lag.

### In Xzen

All parties agreed that the UI/WSU team leader will stay for six months in Xzen and the others will stay anywhere from one to three months. Also there was a breakthrough on this team. USAID agreed to include a UI doctoral candidate with the team to be an administrative aide and to help on data gathering. They concluded this might be the solution to the catch-22 problem of getting started. USAID/X has a project design team of its own, three people on its staff. They will actually write the 50-page project paper itself. What they're looking for from UI and WSU are indepth analyses and consultations with the government of Xzen and with the USAID/X team. The leader of the UI/WSU team reports to the chairperson of the USAID/X team. The USAID/X team provides briefings to the UI/WSU team, provides guidance, door opening in GOX (not a matter of courtesy but a matter of getting acquainted), logistical support, a lot of dialogue and of course a review of the products.

The UI/WSU team members work 7 days per week, talk to GOX officials and academicians, travel to villages and talk to village leaders. They hammer out approaches on key issues in quiet evening discussions over a beer with the government of Xzen and USAID/X. Then they do all the fun things such as staying in interesting hotels, sleeping in mud huts on field trips, watching out for bugs, visiting local markets, getting suntanned, and getting dysentery. In due course, the team completed its studies. They are reviewed by GOX and by USAID/X. Some reworking was called for--you can expect that. Participation of villagers, and women in particular, needs to be more clearly spelled out, they said. Too many technical experts have been proposed to suit the government of Xzen. USAID/X said that the role of the private sector lumber company is not clear. These matters call for about ten more person-weeks of work the team leader says. That's the problem because the team has to get back to campuses and the PP deadline is fast approaching. What to do? Well, the solution is obvious. You punt. GOX, USAID/X, and the team agree that they'll identify the deficiencies in the PP and they'll call for more detailed plans before money is released for work on these specific areas once the implementation starts. That's a standard gambit when you run out of time. You make clear to people that you're aware of the problem and that you'll work on it. Quite often that's enough. Based on UI/WSU team analyses and plans which are about 1,000 pages, the USAID/X project team

concludes its work on the 50-page project paper. The university team reports become annexes to the PP. GOX reviews and OK's the package and it's carried to Washington by USAID/X's project officer.

### At AID/W

USAID/X's project officer stays in Washington to shepherd the PP through the review process. Like any sensible advocate, he visits the important reviewers in their own offices before any of the meetings take place and he answers their concerns in private talks. When the review is all over he's done well except there's one big problem. The project has busted the budget, despite what Washington said. It's \$10 million too high says Washington. This depends on what rate of inflation you assume over the next five years, which may seem like an esoteric argument, but indeed in this case it wasn't because you have to project for five years. Is it going to be \$40 million or \$30 million? There's a big argument. The final decision is painful but acceptable. That is, the project is approved, but Washington dropped one watershed. Work in two instead of three watersheds. That will reduce the project cost to about \$30 million under Washington inflation projections. A cable to this effect goes out to the field.

### In Xzen

Here again, good news. The cable from Washington tells USAID/X that the AID administrators from Washington have approved the project. You'll not be surprised to learn that once again the mission director has a beer with her lunch. Next she notifies the GOX. You might be surprised to learn the GOX officials have whiskey and soda. So much for the PP process. We've finished planning.

We now go into negotiations. There are two parts of negotiations, one in Xzen and one in Washington. The PA stands for project agreement. That's an agreement between USAID/X and GOX. In this case the PA has to identify which of the watersheds will be worked in and which one will be dropped. GOX agonizes over this. It's their decision, not AID's. You'll not be surprised to learn that political considerations prevail. The two watersheds near the capital with the most people in them, in which the most work has been done, which are easiest to work in would seem like the logical ones for them to pick up for political reasons. Wrong. They looked at Aggressia and said, "Uh-huh, this watershed feeds water into Aggressia right along our border, this is where we know Aggressia has agents working, and this is where they'd like to sow the seeds of discontent." Not only did they say that, but the local leaders in watershed C know that they can use that argument with the central government. And they do. So the watershed that is dropped is watershed B, which is easiest to work in, has the most work done on it, and will give you the greatest success the most rapidly. This is, I think, par for the course. These are important political decisions. I'm being a little facetious, but these are the things that come to bear on most development projects. Probably this was the correct decision. In any event, A and C will be the watersheds worked

in. The PA is signed. The process moves on to contract negotiations between USAID and the technical assistance team selected.

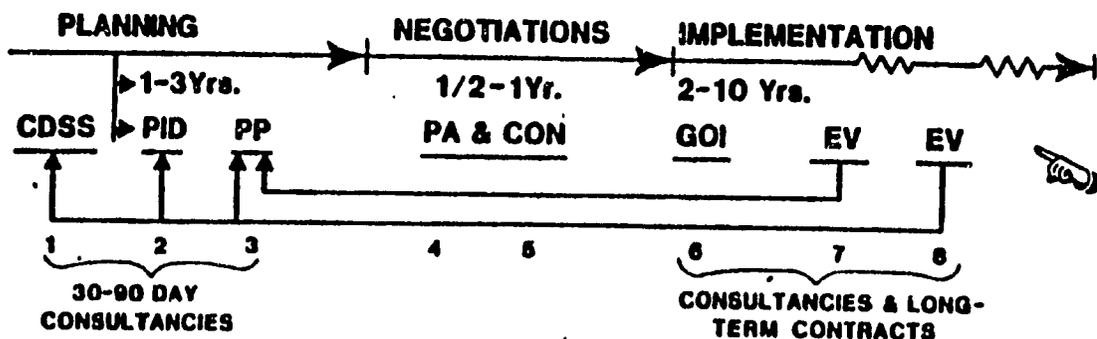
### At UI/WSU

The government of Xzen and a team from USAID/X and AID/W visit the campuses to assess three possible contract groups for implementation. Because of a number of reasons, particularly because they have the inside track and have done a good job, WSU and UI make the most convincing presentation and they are selected.

AID/W and UI negotiate a contract. The negotiators come to Washington and each party tries to pin the other down and leave itself flexible as any good negotiator would. After several days of posturing by each side, the contract is signed.

After 1/2-1 year of negotiations, we're now into implementation which will take 2-10 years. This, of course, is really the most important task. It takes us back to Xzen where the people involved now include the UI/WSU team.

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We'll talk a little bit now about implementation and evaluation. We've put the word "go!" here on the chart. This means that at this point you're on your way. The important first task is the selection and fielding of the technical assistance team members. This is done on the university campuses but it involves GOX and USAID/X and, of course, the team members and their families.

### At UI/WSU

The chief of party is the most critical selection. The ideal chief of party is professionally strong, a good manager, and effective at working relations across cultures. To the UI and WSU's surprise, GOX wants several candidates presented for each position and USAID/X supports the government in this. Fortunately, UI and WSU have been screening candidates informally since the PP was OK'd. So they have a long list and are not dismayed. The chief of party is selected and goes to Xzen with his family and with a list of candidates for the GOX to review. He takes along his first 90-day consultant, not an expert in range management but a skilled University of Idaho administrative officer. The administrative officer will set up offices, find living quarters, recruit local accountants, and set up financial arrangements. These are important things to do because they save much time of the substantive people when they get there. By the way, most contracts don't provide for this, and they should.

Back on the campus, meanwhile, the on-campus coordinators have been selected by UI and WSU and they set up family orientation programs and support arrangements for those going to Xzen. Within six months the full team and their families are in place in Xzen.

### In Xzen

Meanwhile, the government of Xzen is doing its bit in bringing its personnel from other duties, selecting sites for field offices for the new training center, and the government of Xzen and UI/WSU team's chief of party and USAID/X get a practical dialogue underway with the leaders in each watershed (A and C). Now, you will not be surprised to learn that there are no women in the leadership group. The issues aired are as follows and not surprising. The local leaders want fast results, like the mayors of any town. USAID and GOX want small farmers and herdsmen and women fuel gatherers to have a role in planning and evaluating. The chief of party, thinking about how his team will function, wants some local facilities for his team. These things are chewed over and worked out and next a detailed work plan is developed jointly by the government of Xzen and by the UI/WSU team.

When that's completed, the funds are released by AID and the government of Xzen. Now the project can really begin to go. (There are a lot of preliminaries before something really starts, even after a contract is signed. Probably we're somewhere between the middle and the end of the first year by the time funds are actually released.)

By the end of the first year we have the following: some small, visible rural work getting underway as the local leaders asked; a national training center syllabus completed and courses begun, even though they're in temporary buildings; an information system which includes village feedback; and an annual consulting schedule with provisions for quarterly updating so all parties can depend on consultants arriving on time. (A critical thing which is forgotten in most projects.) Finally,

you have UI/WSU families delighting in exploring a new culture. You'll not be surprised to learn the children pick up the Xzenian language very quickly.

Now two years have passed. The government of Xzen and the UI/WSU teams have hit their strides, lots of inputs are occurring but the question is, What are the outputs? What has changed? So, an evaluation is done. The GOX, UI/WSU, and USAID/X combine forces in an evaluation. It's not somebody looking at them and seeing what they're doing, it's the group together evaluating their own work. But USAID/X does the bulk of the staff work because they have the responsibility for turning in the paper. The evaluation finds many things. For example, it finds that the villagers in watershed A are planning and maintaining their grassland much better than the villagers in watershed C. The construction of the national training center buildings have gotten behind schedule. GOX financial support is below target. Professional analyses and training course preparations are on schedule but the local computer support is undependable. The main goals of the project remain feasible. As a result of the evaluation, changes are made in the work plans to deal with the correctable flaws and to reflect unavoidable delays or failures. The PP is revised so that it will remain a valid guide and reference document.

Now, for two more years work goes on with changes in personnel and situations. VIP visitors come and go; everybody likes to see a watershed. Not for too long a period of time, but they like to see it. Nothing like a night in the village. The villagers continue to struggle with production and conservation problems. Watershed elite come to accept this crazy idea about women's participation, because it's the price of the project. Periodic reviews take place.

Then we come to the end of the fourth year and another evaluation. This is a major evaluation. The big issue is, should the project go into phase II at the end of the fifth year, or should it be terminated? Evaluation 2 finds a number of things: 1) Environmental deterioration in Xzen is still accelerating. 2) Some village areas have improved production and conservation. 3) A few women leaders have emerged in each watershed. 4) Through project dialogue and analysis over the four years, much more is known by GOX and by USAID/X and by the UI/WSU team about the conservation problems and the practical approaches to deal with them. 5) As a result--and this is a big breakthrough--national strategy for resource management for all of Xzen can now be prepared. 6) In this strategy village level management is now seen by all as one key to success. 7) The GOX's policy support for conservation needs strengthening. 8) A "ground truth" information system to augment satellite data has been found practical in this watershed using villagers having little education. That's a major breakthrough. GOX, USAID/X, and AID/W come to an informal conclusion that the project should continue into phase II and that UI/WSU team should be part of the extension for another five years.

Evaluation findings feed back into a number of things. They feed back into the CDSS regarding broad assistant strategy for the U.S. over the succeeding five years, into another revision of the PP to go to

AID/W for formal review and approval of phase II, and they feedback into a new PID proposing a new project which flowed out of the findings on this project--small farmer production using the farmer systems approach, and promoting on-farm conservation.

The next good news is that institutional development is taking place. The Xzenian Ph.D. and M.S. trainees who have been on campus are returning to Xzen and they're phasing into the work being performed by the UI/WSU team members. That's a success. The American specialists have worked themselves out of a job. They return to their home campuses, the team makeup changes. Those returning to the campuses, however, will remain active with the project as intermittent consultants.

#### V. Four Types of Problems Faced by Most Campuses During Implementation of a Project

1. Cultural orientation. Cultural orientation and language training for the team and their families are the first big issue. The questions are, How much to do on campus? How much to do in Xzen? With regard to the latter, what is the value of spending 2-6 weeks in a Xzenian village receiving intensive language tutoring? In Xzen everyone is anxious that the empty technical assistance positions be filled and that work get started. On the other hand, language skill is important for field work. These are tradeoffs.
2. The second problem has to do with the priority of the project itself. There's continuing disagreement among the deans and department heads about the priority of the project and whether to encourage high quality faculty to spend 2-4 years in Xzen instead of on the campus. The reluctance of many faculty members to risk being overlooked for promotion by being away from the campus is also a factor. Similarly, after returning from several years of stimulating work in Xzen, the faculty find it difficult to place articles about their work in main line professional journals. Everyone agrees that the problems are serious. Everyone also agrees that solutions are possible. An important point is that AID/W becomes critical of the universities' delay in coming to grips with the problem and this will affect whether the UI or WSU will be selected again for a major contract.
3. This is a problem over in Xzen. It is the UI/WSU chief of party's problem. How does the chief of party handle a tricky situation that developed in the second year of the project? In that year a conflict developed in Xzen involving the project's national training center near the capitol. The Xzenian teaching staff learned that their positions were not being made permanent and they began leaving the project. Second, the GOX's finance minister refused to allocate the agreed level of funds for the training staff salaries and for construction of permanent training facilities. If not solved, the targets for trained field workers and trained village leaders to work in the watershed

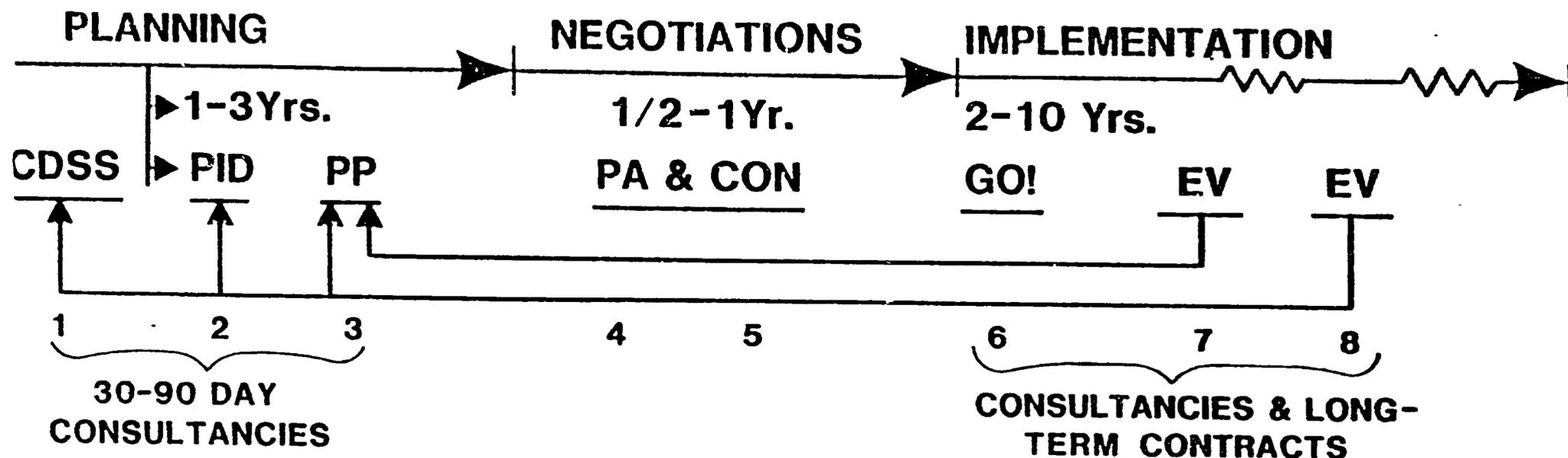
and in the institution itself would not be met and the project could not succeed. There are two GOX bureaus involved, one is the Bureau of Forests and the other is the Bureau of Resource Conservation. At the heart of the problem was the indifference of the Director of the Bureau of Forests of the Director of the Bureau of Forests regarding the training institution, which fell under his jurisdiction, and which he was using as a ploy to get funds for other activities.

The University of Idaho Chief of Party saw three different ways to approach the problem:

- a. Rely on his counterpart (the GOX project coordinator) and the coordinator's boss, the Director of the Resource Conservation Bureau (who cared a lot about the training center) to fight the matter through the bureaucratic minefield. The Director of the Resource Conservation Bureau was much younger and bureaucratically weaker than the Director of the Bureau of Forests.
  - b. Use his well-developed contacts to go over the heads of the Bureau chiefs and try to get a favorable decision from the Secretary of the Department of Forests and Resource Conservation (boss of both bureau chiefs).
  - c. Keep a low profile and rely on the Director of USAID/X to battle this out with interested GOX parties using his legitimate access to all levels of GOX.
4. Experienced national level resource managers from Xzen were sent to Pullman and Moscow for M.S. level training. Xzenian staff from the national training center were sent for M.S. and Ph.D. degrees. In trying to provide effective training, the on-campus coordinators found most faculty and department heads indifferent to the special language, academic, and cultural requirements of these older students to be able to have significant and positive learning experiences. AID and GOX became concerned. A proposal was made to have thesis and dissertation research done on problems of Xzen and all field work done in Xzen with trainees and to work out research topics and methodology with the University of Xzen and concerned GOX bureaus. An on-campus committee would be responsible for working out appropriate coursework, including arranging for tutoring in technical English. Once a year, a project team member from GOX and UI/WSU teams would visit campuses together to participate with on-campus committees in evaluation and planning of the general training program. The proposal was debated by the faculties.

What would you propose be done about these problems?

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