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**LEARNING FROM USAID FIELD EXPERIENCE:
INSTITUTIONAL DEVELOPMENT AND THE
DYNAMICS OF THE PROJECT PROCESS**

by

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**LEARNING FROM USAID FIELD EXPERIENCE:
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OF THE PROJECT PROCESS**

Institutional development is one of the four primary elements of the current AID foreign assistance strategy. The institutional development policy itself calls for application of new style approaches to institutional development which focus on helping existing institutions learn from their own experience. This is a very different and more difficult process than old-style institution building efforts. These latter efforts generally involved the replication in a new setting of an institution, such as an agricultural research station or a management institute, modeled after a similar institution in the donor country. The main requirement of the old approach was to establish a contact with the institution that was to serve as a model. This institution would then provide technical assistance personnel to recreate the basic institutional structures in the new setting, arrange participant training experiences for the recipient country nationals who would ultimately staff it, and operate it until the new trainees were in place. Essentially one group transferred its experience and knowledge to another.

The new approach is much less easily defined and controlled. It is less clear exactly what inputs are required because it is unclear what the exact outcome will be. It involves the difference between teaching a clearly defined technical skill to an inexperienced student and helping an experienced professional develop a skill in solving a problem which the teacher may not yet have solved himself. What is transferred is the teacher's knowledge of how to learn, rather than the substance of that learning. We have few such teachers.

Efforts to implement AID's current institutional development policy are hindered by the fact that the project mechanisms it favors and the supporting management systems of both AID and its recipient organizations are best suited to activities which can be blueprinted or reduced to tidy packages of pre-planned activities. They are poorly suited to supporting the ill defined learning processes which are the basis of the more sophisticated institutional development approaches. My earlier writing on this subject has stressed the limitations of the basic project

perspective and its supporting management methods.¹

Subsequent field experience—working with the USAID Missions in the Philippines and Thailand to apply learning process concepts and methodologies in four experimental projects intended to achieve institutional development outcomes—amply confirms the validity of my earlier observations. It also brings to light broader dimensions of the problem not fully developed earlier. Most of these newer dimensions have been recognized by the mission personnel involved, and efforts are being made to counter them. However, it may take years to fully determine the outcomes.

Two broad dimensions of the problem have been highlighted. The first involves the strong pressures which exist toward focusing the attention of project managers on limited sub-project outcomes to the neglect of intended institutional outcomes. The second relates to the process of forming the change coalitions which we have found to be so essential to implementation of the learning process approach.

Critical Distinctions between Blueprint and Learning Process Approaches

By way of introduction the idealized distinctions between the blueprint and the learning process approaches as they relate to this analysis are summarized below.

The blueprint project mode is geared to achieving a predetermined outcome at a specified point in time. A clear distinction is made between project planning and project implementation. Planning is directed to the creation of a plan and is carried out by some number of technical specialists, each focused on a particular aspect of the project and responsible for inputs to a particular portion of the project planning document. Project management at this stage consists primarily of assembling the required technicians and consolidating their inputs into a single document. Once the plan is approved, the project moves to implementation.

¹David C. Korten, "Community Organization and Rural Development: A Learning Process Approach," Public Administration Review, Vol. 40, No. 5, September-October 1980.

In implementation the primary concern is to obtain compliance with the plan. Thus implementing systems are predominantly control oriented. Responsibility is commonly vested in a project office which assures that prescribed activities are carried out on schedule. Periodic evaluations carried out by other technicians, seldom the same ones who prepared the plan, test the basic planning premises and determine whether the project management office is performing its function to an acceptable standard. Project organization is often looked at only as a temporary mechanism to meet the "needs of the project" with no significance in its own right except as a means to an immediate end.

The learning process mode is directed primarily to developing new institutional capacities able to deal over an indefinite period of time with some class of problems or needs. Say the focus is on local government. The blueprint perspective might generate a project intended to support local governments in completing some specified number of roads or installing some number of water systems. The learning process perspective would in contrast focus on building the capacity of local governments to deal on a continuing basis with infrastructure needs, including identification, design, financing, construction, and maintenance.

Prior planning under the learning process approach focuses not on planning some number of roads, but rather on working out a strategy for developing the desired capacities through their utilization. Most likely the strategy would be worked out in collaboration with some small number of local governments who would then collaborate in trying it out on a pilot basis. The question of who works with these local governments in this process is a crucial concern, because this group will also be developing an important new capacity, i.e., the capacity to work over time with numerous local governments on a similar process. Furthermore, this group will be looked to to help maintain this local government capacity over time and to provide various kinds of technical support as required.

Adjustments in the strategy are made as experience is gained. Planning and implementation are basically inseparable, as both are carried out simultaneously and continuously. Emphasis is placed on achieving continuity in the key actors throughout project design and implementation phases so that these individuals can adjust their plans at any time to incorporate the lessons emerging from their

experience. As they are continuously assessing progress against desired results and reassessing and revising their original planning assumptions, evaluation is also a continuous and simultaneous process which begins with planning.

While institutional development purposes cannot be achieved unless effective operational results are ultimately achieved, these operational results are from the project perspective primarily a means to the desired end of leaving in place new or enhanced institutional capacities. A critical concern in project design is to organize in such a way that such capacities will be institutionalized in more or less permanent structures.

The more significant of institutional changes sought usually will involve several offices of a given organization, or even of a number of different organizations. Dealing with this reality commonly requires attention to development of networking processes by which coalitions are formed of individuals representing a number of offices and agencies who work together to achieve a common change objective. A central concern in project development must be with the development of such a coalition, which then provides the intellectual nerve center for managing the change process.

The study described here focuses on four AID assisted projects: The Local Resource Management (LRM) and Rainfed Resources Development (RRD) projects in the Philippines and the Decentralized Development Management (DDMP) and Northeast Rainfed Agricultural Development (NERAD) projects in Thailand. LRM and DDMP are both directed to development of the capacities of local governments for responsive development action, while RRD and NERAD are both intended to develop governmental capabilities to undertake participatory farming systems approaches to assisting small farmers in upland rainfed areas.

Sub-Projects as Discrete Ends

Each of the four projects noted above can be looked at conceptually as having both operational and learning components. Under the operational component funding is provided for an array of sub-projects, the specifics of which are to be decided by local communities, local governments, or government planners through

processes described in the project plans. In some instances the sub-project funding is intended to stimulate basically new types of activity. In others it is primarily augmenting existing programs to allow them to do more of a standard type of sub-project activity. Under the learning component these same projects fund a variety of activities which are intended to help the agencies in question capture and translate the experience with these sub-project activities into new institutional capacities.

In each instance there have been significant pressures generated by both AID and host government management systems to focus attention on the discrete sub-project activities and to convert learning resources from support for institutional learning to support for discrete sub-project selection and implementation activities. The dynamics have been somewhat different in each project, but all have been witness to pressures toward this end. In each instance mission staff have recognized the problem and made committed efforts to correct it. There is every reason to believe they will be successful, but as the following project-by-project review indicates, success will require continued vigilance. Since the Thai projects are furthest into implementation and reflect the more fully developed experience, they will be discussed first.

Northeast Rainfed Agricultural Development (NERAD) (Thailand)

This project is intended to generate and disseminate new technologies for improving the productivity and sustainability of rainfed farming systems; and to reorient the agricultural research extension system from a top-down crop-specific focus to an integrated farming systems approach responsive to village-defined needs. The basis of project activity is supposed to be the Tambon Agricultural Development Plan prepared by a farmer-controlled Tambon Agricultural Development Committee. The strategy calls for working on a small scale in pilot Tambons of the Northeast to develop approaches which might provide the basis for a reoriented national system.

An interesting feature of the NERAD Project Paper is its departure from the standard PP format to articulate a project strategy for helping the RTG achieve

the intended systemic reorientation of its agricultural research-extension system. It is quite clear in this statement that the sub-project activities are intended only as a means to this end, and that pilot Tambons are just that—pilots for developing the new approaches. It is a very sophisticated statement—until it shifts back to the normal PP format and presents its "Logical Framework Narrative."

The 'Logical Framework' is a basic blueprint planning methodology. Though a skilled planner can partially avoid the trap if he or she is aware of it, the method tends to force one into working from blueprint assumptions. It was quite striking, but not really surprising, that the NERAD log-frame narrative describes a project quite different from that described in the strategy. It defines the project in terms of achieving a specific reduction in the incidence of poverty in the pilot Tambons, primarily by financing the delivery of a mix of known technologies. In doing so the project would establish in eight Tambons ". . . a replicable agricultural development program for increasing farm productivity and farm income. . ." The "End of Project Status" statement makes no mention of new institutional capacities in place or new technologies generated, but rather sets achievement of a life of project reduction in the incidence of poverty in the target Tambons from 55 to 40 percent as the indicator of project success.

If such a statement of project purpose is taken seriously as the basis for ultimate project evaluation, the logical strategy of the project managers is not to make long-term investments in either technology or institutional development. It is to concentrate on the most intensive possible delivery of relatively proven technologies by any available means to get an immediate, and likely temporary, result. It is much the same case as that of managers in a private enterprise sacrificing research and maintenance to show unusual profit performance in the short run and leaving the consequences to their successors.

Since most project management procedures are more consistent with the logic of the NERAD log-frame than with the logic of the NERAD project strategy, it is not surprising that the log-frame perspective tended to dominate subsequent action. While no one was compelled to act according to the log-frame, in the press to meet day-to-day project schedule requirements and formalities, it

provided the clearest and most easily applied guidance in meeting a variety of procedural requirements.

For example, project personnel faced a deadline set in the 'Conditions Precedent' to provide Tambon agricultural development plans and budgets for both FY 82 and FY 83. No mechanisms were in place by which they could be generated through a bottom-up process—certainly not in the time available. Thus project staff did the only thing they could do: They undertook a heroic crash effort to create the plans centrally, based on their best understanding of what the mission asked of them. Only two or three of the dozens of people involved in the data collection and creative conceptualization that went into generation of the project planning documents were involved in the implementation. So when the implementors found themselves faced with this requirement they turned to the project document to see what they were supposed to do.

Though the sub-project activities described were intended only to be indicative, the implementors naturally looked to them as the most concrete guidance provided in the plan and used them as the basis of the Tambon agricultural plans. Ministry people from the national level first spelled out which types of sub-project activities they could carry out within the context of existing programs. These were presented to the Tambon Councils of the pilot Tambons for their concurrence, and subsequently were compiled by project staff into a collection of formalized Tambon plans in a comprehensive budgeting document. The result was a blueprint planner's dream—a budget document that spells out every activity to be carried out in each Tambon in FY83 in such detail that it includes line items as small as US\$50. By the logic of the project system the next task of the project planners was to see that these individual activities were carried out on schedule as planned, a Herculean task that, if taken seriously, would leave little time for any creative thought or action. In addition it was already time to start preparing the FY84 budget. These are the dynamics which inexorably drive out innovation, experimentation, participation, and concern for sustainability in projects of this type.

Preparation of the evaluation plan fell into the same pattern. The government did not have a plan as the CP deadline approached, so the plan was prepared by

mission staff. The resulting plan was based on the well-accepted concept of before and after measurement of a range of socio-economic indicators. Unfortunately, though widely used and accepted, this methodology is seriously flawed. It is not valid to infer that changes observed are consequences of project activity. Furthermore the methodology generates almost no information useful in either replicating results or improving performance in subsequent efforts. It does, however, provide one more pressure on project staff to concentrate attention on maximizing short-term applications of known technologies in the hope of forcing some change in the indicators.

If the project had been allowed to proceed on the course dictated by these various project management systems, it would have had some impact on eight tambons of questionable sustainability, with nil impact on the institutions involved and nil contribution to the development of new technologies. Fortunately these realities came to light during a project review carried out by project staff. The result was a clear commitment to the original project goals and the development of a strategy for getting the project back on track. Project staff are now implementing this plan.

Decentralized Development Management Project (DDMP) Thailand)

This project provides support to the Royal Employment Generation Program (REGP) of the Thai government which channels funds to Tambons for small-scale labor-intensive infrastructure projects. DDMP was undertaken to set in motion a long-term process of institutional learning in the REGP and its supporting agencies which would build their capacity in turn to build the Tambons into effective instruments for planning and implementing self-reliant local development. Though the specifics are quite different, a central problem of DDMP has proven to be essentially the same as that of NERAD—how to keep the demands of sub-project management from driving out concern for institutional learning.

Implementation of the REGP is formally assigned to the REGP Secretariat in the Office of the Prime Minister. This secretariat is headed by an extremely able and highly respected Thai who is Deputy Director General for the Department of Community Development in the Ministry of Interior. He is exactly the right man

to serve as DDMP Project Manager, but he has no deputy or other staff with whom to share the responsibility. Given the limited staff on the RTG side, the project design followed the typical course of building the needed staff into the technical assistance contract, thus inadvertently choosing what George Honadle calls a "bypass" strategy. The problem with bypass strategies is that they generally neglect the problems of building institutional capacities to sustain whatever processes the project itself may set in motion. Thirteen contractor personnel are now in place with responsibility for project implementation. The use of contract personnel is not in itself a bad concept. It might have been a means for providing necessary augmentation of the Secretariat staff—if the contract were designed accordingly and called only for providing a specified number of persons of specified capabilities to support the Secretariat.

But the AID system prefers a stronger measure of contractor accountability, including clearly defined responsibility for providing specific products. Thus the contract drawn up by the mission's contracts office called for the contractor to provide a "Technical Assistance Team" under the direction of a team leader responsible for producing specific definable products such as conducting training for Tambon Council members, producing training and technical manuals, and producing 127 Tambon development plans. These of course are all tasks that should, under a learning process approach, be carried out by Thai agencies and resource institutions—with the support and assistance of the technical assistance personnel—so that once the TAT withdraws a sustainable process will be left in place. If the technical assistance personnel were to choose to develop an independent mode of working directed to producing specific project outputs rather than to playing a facilitator role in an institutional learning process, the project would most likely turn out to be a relatively inconsequential area development project focused on the planning and implementation of a range of sub-project activities under existing government programs. The artifacts left in place would consist of a few manuals and some crumbling pieces of small scale infrastructure. The AID system did not necessarily force the project into such a situation, but it certainly provided strong pressures toward such outcomes.

Mission personnel identified the problem and corrective measures have been taken to appropriately redefine the roles of the technical assistance personnel involved.

Local Resource Management (LRM) (Philippines)

This project is intended to strengthen the role of local governments in the initiating and carrying out responsive local development action. Particular attention is given to development of a strategic planning capability directed to creating enabling settings within which the poor can be more effective in using local resources to address their own needs. It includes the introduction of innovative planning concepts and the development of mechanisms to involve the poor in local development planning. It also has a component intended to help local governments increase their financial management capabilities. It is a complex, sophisticated, and highly problematic project. There are no prototypes for many of the things it proposes to do and a substantial possibility that during the course of implementation it will be subjected to a de facto redesign which would eliminate its more innovative but difficult to implement features and turn it into little more than a fund to finance locally identified sub-projects.

In the early stages of design this was one of the more important design issues. Some participants on the design committee felt that LRM should simply be a fund to finance locally identified sub-projects on the theory that if projects were selected locally they would be responsive to local needs and if carried out by local governments the capacities of those governments would thereby be strengthened. Others of us felt that while a valid case can be made that most any substitution of local for central government in local development activities represents valid progress, a great deal more needs to be done toward reorienting the ways in which sub-project planning and implementation are carried out. Simply moving decision-making to lower governmental levels would not in our view be enough. We also felt that while social learning is normally a product of doing, such learning can be made much more consequential if explicit attention is given to making it a conscious, managed process under the control of its participants. During the course of the design process this issue was clearly resolved in favor of the institutional learning in preference to the pure sub-project approach.

The next challenge which the project faced in this regard was procedural. The design team took quite seriously the observation from an evaluation of the

Provincial Development Project in Indonesia that AID procedures associated with the fixed amount reimbursement mechanism resulted in so much of the attention of project staff being directed to the details of planning, approving, and controlling sub-projects that the institutional development dimensions of the project were being largely neglected. Consequently the LRM design committee gave substantial attention to constructing an argument which would allow the mission to meet its financial accountability requirements without getting directly involved in sub-project detail—which would be in itself a direct violation of the philosophy of greater local control in decision-making. Thus it was determined that AID would be funding provincial development strategies incorporating the basic concepts of LRM—and not the individual sub-projects as such. The specifics of sub-project selection and certification would be the business of the local governments, with the national government exercising normal procedures to insure fiscal responsibility and approve technical specifications. Developing a consensus on these points among all of the relevant parties, including AID Washington, involved a substantial amount of discussion, and negotiation.

Presently the project faces its third challenge to sustaining the learning process perspective. This challenge is one of insuring that the project does in practice have a learning component. In contrast to more conventional projects based on the application of time tested planning and project management procedures, LRM is intended to serve as a laboratory for the development of new concepts, approaches, and methods consistent with its people-centered development philosophy. This will require considerable investment of creative talent beyond what most government agencies consumed by day-to-day operating responsibilities are able to muster. Thus the project must assemble the requisite talent and develop it into an effective working coalition able to link together the various components and organizations involved. The LRM design calls for making effective and sustaining use of a number of the Philippine's strongest resource institutions in ways which will supplement NEDA's own able staff resources while further building the capacities of both NEDA and the resource institutions for continued effective support of local government initiative and the broader application of LRM planning frameworks and methods. Mobilizing such capacity and shaping it into an effective coalition is a difficult and time consuming process, but one with proven potentials in the Philippine context for a very high payoff.

It is highly important that the project be backstopped by groups not necessarily beholden to established governmental procedures, which can contribute to providing regional and provincial levels with creative intellectual direction and operational support for experimentation with new approaches. Otherwise there is substantial danger that the key concepts of LRM could become subordinated to the day-to-day requirements of selecting, designing, and implementing sub-projects using establishing procedures. Mission staff are alert to these potential problems, NEDA has begun appointing a quality project staff, and steps have been taken toward the selection and contracting of supporting resource institutions which have demonstrated an understanding of and commitment to project concepts. So it is realistic to expect that this challenge will be met just as have the previous challenges. But a favorable outcome will require continued effective leadership from the key people involved.

Rainfed Resource Development (RRD) (Philippines)

This project is intended to assist the Government of the Philippines in developing institutional capacities and policy frameworks supportive of a program of community-based management of settled upland agricultural and forest areas. Its attention is centered on two ministries: the Ministry of Agriculture and the Ministry of Natural Resources. Attention is given to building institutional capacities in policy analysis and formulation, bio-technical research, and outreach programs intended to strengthen the resource management practices of small-holders living in upland areas. The project is designed to provide a highly flexible pool of resources to the agencies and institutions involved to be programmed by them as needs and opportunities arise. While some of these funds are for policy studies, bio-technical research, and operations, the primary objective is to develop new and/or reoriented institutional capacities using a learning process logic.

In preparing the project paper for RRD it was necessary to work out mechanisms for programming these funds in ways consistent with GOP and AID procedures. The first draft of the RRD project paper, prepared by a short-term consultant from the U.S. with a primary expertise in project documentation procedures, revealed once again how procedural requirements can distort a project intended

to serve institutional development ends. As described in this original draft, the project would have been essentially a fund used to finance a number of discrete small project activities, each to produce its own clearly defined, independent and terminal product through implementation of its own blueprinted plan. Selection of these discrete activities would have been made by a central committee reviewing proposals on a competitive basis. No individual activity would have had any necessary relationship to any other. Technical assistance personnel would have been contracted to assist in the preparation of these proposals and the monitoring of accepted sub-projects. The basic model of the design was that of a research grant competition.

Such a scheme fits easily with established financial management procedures and is easily defensible by standard public accountability criteria. But it is a very weak model for building institutional capacity through an institutional learning process. It is unlikely that much would have been left behind other than a stack of unread reports and a few remnants of some village level projects. The problem was identified by mission staff and largely corrected in subsequent drafts. One element of the project dealing with agro-forestry pilots to be carried out outside of the Bureau of Forest Development is still designed only to fund a series of small-scale, disconnected, and largely consultant-managed sub-projects with no evident strategic logic—but steps are planned to correct this as well.

Hopefully this problem is now behind RRD. The next crisis point will be faced in the selection and introduction into the project of the technical assistance personnel who are intended to play facilitator roles in the learning process. It is not a standard technical assistance role, and if the individuals contracted do not understand the intended role and have a personal commitment to filling it, they could well change the nature of the project and turn it back to a collection of sub-projects. The problem is not likely to be of the proportions of that experienced in DDMP because the number of contract personnel will be small relative to other project participants. But DDMP and the original RRD design experience both demonstrate the nature of the problem. Another critical problem is posed by the budget system and its demands, similar to those faced by NERAD, to make premature and overly detailed budgeting decisions which force a centralization of the decision process and reduce subsequent flexibility.

Coalition Building

The formation of an effective change coalition is one of the most important and difficult tasks in projects intended to support an institutional learning process. Indeed, in many respects, the formation of such a coalition is to the learning process approach what the preparation of a project paper is to the blueprint approach. In the latter a formal piece of paper drives the project process and encapsulates the critical project concepts. In the former these same functions are performed by a loosely defined social network.

It is of course, not an either/or situation. Even the most formalistic of blueprint projects will involve some sort of a coalition committed to its basic concepts and objectives. Likely any well conceived learning process project will involve various forms of formal documentation spelling out purposes, strategies, and rationale for the actions proposed. The real distinction is one of emphasis. In blueprint projects the project plan is central and the coalition is incidental. Planning efforts are focused on plan preparation, and implementation on its realization. By contrast, in a learning process the energies of the project facilitators are directed to the formation and maintenance of this coalition, while project documentation is a relatively incidental formality, a legitimating by-product of the coalition-formation process.

One of the features of an effective change coalition is that it cuts across formal lines of organizational authority and is able to facilitate processes which the formal structure constrains. In instances where the change effort is focused on a public agency it may be especially important that the coalition include significant participation from outside the agency by individuals and even institutions which are able to act independently of its constraints to support and reinforce its own change agents. This is part of the theory behind emphasizing the role of resource institutions in support of learning process projects.

One of the most critical functions of the change coalition is to capture and put to work the learnings generated by operational experimentation with new ways of working. Such experience can only be partially transmitted through pieces of

paper. It is most readily acquired through direct personal experience, and next through direct personal exchange. It becomes most meaningful in its influence on action if the experience was shared by several persons who are subsequently faced with working together on a similar problem. It takes time to develop this shared experience and the common vocabulary that is its outgrowth. A project document, no matter how well written, can seldom provide the effective continuity and accumulation of experience that is achieved through continuity in staffing.

The blueprint perspective dominates most AID project planning. The very format of the AID Project Paper seems to encourage breaking the task into the discrete pieces to be dealt with in a fragmented and mechanistic way. Common practice is to assign responsibility for these pieces to a string of short-term consultants, many from abroad, who leave behind their individual reports. At some point these are consolidated into a project document which sets forth lists of activities to be carried out according to a specified schedule and budget, with little reflection of any underlying strategic concept or logic. Since relationships generated during this process are temporary, this approach to design contributes very little to the coalition formation process. In fact there may be a complete change in actors between planning and implementation.

Though I was not involved in the NERAD project design, recollections of project staff indicate that a number of relatively independent consultant teams--both U.S. and Thai--were involved in the design. From the rough data I was given there may have been as many as 100 different people putting significant effort into the design at different times. As indicated earlier, the project paper as finally written presented at least two different perspectives as to the actual nature of the project and its strategy. Reportedly only two or three persons who were involved in the design had subsequent responsibilities for implementation. So whatever learning and coalition building did take place during the design process was largely lost in the transition from design to implementation--which helps to explain why the more sophisticated strategic concepts were so quickly subordinated.

Particularly in the design of LRM, and to some extent in the case of RRD, there was an explicit effort to use the project planning process to begin building such

a coalition well in advance of project implementation. Yet in spite of well intentioned efforts to the contrary, GOP involvement in the design of these two projects was far more limited than desired. The mission's intent had been to start work from the beginning with the people who would eventually be responsible for project implementation. But neither the GOP nor USAID seemed really geared to working in ways which might have made this possible. In particular the GOP's systems for relating to foreign assisted projects made it very difficult to establish who would be responsible for project implementation prior to signing the final project agreement.

Somewhat more surprising was a tendency for a similar situation to prevail on the USAID side. Even though LRM and RRD both avoided the more extreme excesses of the conventional approach to project planning, there remained vestiges of the old concept that project preparation is done by calling in a variety of experts to work for short periods dealing with particular pieces of the puzzle.

LRM design depended until the very final stage on a loosely defined committee of continuously rotating membership. RRD design involved substantial reliance on a short-term U.S. consultant whose leadership in the design process tended to preclude development of working relationships between mission staff likely to have the long-term responsibility and their Philippine counterparts. While the details of organization for project design differed substantially between the two projects, neither resulted in the investment of staff time in developing close working relationships with Philippine counterparts that is necessary to initiate the coalition formation process. While secondary to the problem of limited definition of responsibilities on the GOP side, this was a significant factor in its own right.

The changes which have occurred since the project agreements were signed have been striking. Over the past six months responsibilities have begun to stabilize on both sides, and the relationships have begun to develop that ideally should have started to form at least a year ago on RRD and as much as two years ago on LRM.

An obvious question is why couldn't this process have begun much earlier? There are probably many contributory factors. First both the GOP and USAID are

geared to separating project design from project implementation and to treating each quite differently. For all the fanfare it gets on the donor side, project design is not taken seriously on the recipient side—for quite understandable reasons. It is largely a donor exercise, dominated by donor staff to meet donor requirements. While the recipient may have a special office to deal with foreign donors and to produce pro forma project designs on demand, the offices which will have actual responsibility for project implementation will seldom have either funds or staff allocated to invest in the project design process. If they become involved it comes out of their hide.

On the mission side the bottom line requirement, at least prior to the recent delegation of PP approval authority to the missions, has been to produce a written document that will sell in Washington. Producing that document then becomes the primary responsibility of the people assigned to prepare the Project Paper. Hopefully the new procedures will help to alleviate this problem. However, the reality will remain that it is not until the project agreement is signed that the results for which donor staff are accountable actually depend on action by counterparts and create real demands for establishing close and effective working relationships with them. The fact that persons involved in design do not necessarily expect to be involved in implementation also reduces incentives to invest in development of such relationships prior to project signing. There is almost nothing in the process during the design stage that provides the sense of common cause between donor and recipient personnel essential to building effective working relationships. Such incentive is introduced only once the two parties actually have to sit down and work together to get money flowing through the recipient country budgeting systems—an experience which unfortunately usually turns out to be frustrating and uncreative for all concerned, with the focus entirely on procedures and schedules to the neglect of purpose and strategy.

The discontinuities involved in the transition from design to implementation are particularly difficult and unfortunate in their consequences on the recipient side. Suddenly the office that had no allocation of staff or budget for dealing with the project in question is expected almost overnight to have the requisite staff in place allocated to meeting project requirements, and to start managing a very large flow of project resources with no provision for a learning curve. There is

a natural tendency to significantly overstaff and focus on the procedural detail of spending the money. This was a serious problem with the earlier Provincial Development Assistance (PDAP) projects in the Philippines. The need to move almost instantly from zero level of activity to the implementation of a multi-million dollar project involving several provinces or even regions creates substantial pressures toward the creation of special project offices to get the necessary control over the situation. Such offices become competitors with other organizational units, making it difficult later to form the coalitions which are necessary to introduce broadly based changes into the larger organization.

It appeared for a time that this might be a significant problem in both LRM and RRD until GOP restrictions imposed as a result of a severe budgeting crisis made necessary a relatively more austere approach.

The first budgeting exercise carried out by those appointed to a newly established project office involves such pressure that the focus is almost inevitably on figuring out how to get the money in place and spent, and not on thinking through strategic issues. In theory such thinking through took place during the project planning stage—but by someone else. The destructive influence of this process was demonstrated in classic fashion by NERAD.

As Russell Ackoff has frequently noted, the real product of planning is not the plan, but the learning obtained from thinking the problem through. And this is not something that one person can do for another. Rather than focusing on strategy, the budgeting exercise as we have seen it develop here in the Philippines, seems first to concentrate on staff honoraria, staffing up project management units, and the purchase of vehicles and equipment for project management staff. The whole process begins with a very inward looking perspective. And once these patterns are established they are difficult to change. Thus dynamics generated from the very beginning by the interaction of donor and recipient systems almost insure ineffective performance and waste of resources during the early stages of a project.

It is probably fair to say that no project would get through the approval process if it presented a wholly realistic picture of the problems faced and the time required to get necessary systems in place and function. The resulting self-

deception is nowhere more evident than in the preparation of implementation schedules. Jerry Silverman, who has participated in countless evaluations of AID projects, maintains that nearly every project he has examined looks like a disaster in its first year, because basically it takes at least a year to get people and budgets in place, to satisfy conditions precedent, and to begin building the working relationships and experience needed in whatever it is the project is intended to do. Especially in projects that involve working with people rather than concrete, and which seek to leave behind sustained problem solving capacities, it realistically takes a minimum of two to three years for a project to begin to hit its stride. Emerging policies in AID which are encouraging a longer term time perspective represent a long overdue recognition of this reality.

In this regard one of the most positive developments in USAID/Philippines over the past six months in my view was the decision to do an add-on to the Rural Service Centers Project. This project involved the very difficult task of developing the capacities of chartered cities to carry out poverty oriented development activities on a participatory basis. Most of the activity of its first three years did not look very promising. Then the project finally started to really take hold, building a remarkable momentum, just about a year before it was to terminate. By this time the mission's interest had turned to LRM, which is directed to related ends. Fortunately, the mission wisely recognized the potential benefits of sustaining this momentum and has decided to extend the project for an indefinite period.

One key to correcting the problems of discontinuity between project planning and implementation seems to be to find a way to get money flowing through the recipient agencies in smaller amounts much earlier in the project development process—thus effectively eliminating the sharp distinction between project planning and implementation stages. I am continuously struck by how AID's mode of operation contrasts with that of the Ford Foundation in these critical respects. Ford is geared to starting the process of building effective working relationships at a very early stage with small amounts of money involving minimal risk. Using funds from a Delegated Authority Project a Ford Foundation representative can make a grant of up to \$50,000 in a matter of hours. Thus "project design" can in a sense proceed in increments starting with a very small amount of money based on a very simple plan involving a few pages of documentation which

describe the background, the actors, what it is hoped the grant will accomplish, and the amount of money involved. As experience is gained, the staff of the recipient agency grows in capability and effective working relationships develop, grants of increasing size can be made quickly and flexibly—leading potentially up to a more substantial multi-million dollar grant. Ford also has the decided advantage of being able to place its money directly with the people with the ideas and track record it wishes to support, without going through formal government to government bilateral assistance channels. This means it is easier to work with non-governmental organizations, as well as to work with operating units—as contrasted with special foreign assistance projects offices—of government agencies.

If USAID/Philippines had had a similar facility and an ability to use it in this way we might well be at least a year ahead on the processes that are only now starting to take hold with LRM and RRD. In theory Project Development and Support (PD&S) funds can be used in this manner, but seldom are—in part because they are much too limited relative to the need and in part because of the accustomed practices of using them primarily to fund U.S. consultants to prepare project documentation. To change this, two actions would be required. One would be to increase the amount of such funds and the other would be to reorient thinking as to how such funds are most appropriately used. The new concept should encourage the making of preparatory grants to collaborating individuals and institutions in the recipient country intended to build both the base of knowledge and the staff team required for later project implementation.

Small amounts of flexible money can have remarkable power throughout the project process, especially during the period up to the time at which conditions precedent are met and the actual project funds are available for use. I was particularly struck in this regard by the successful use by USAID/Philippines of \$19,000 in PD&S funds to sustain the design process—and project momentum—up to the time when conditions precedent are met and regular projects funds can be brought to bear. Each of the three provinces which are piloting the LRM effort has been provided with \$5,000 to move ahead with its own planning for implementation, including the financing of surveys to provide the data essential to development of provincial strategies. When I visited Antique Province, the

most advanced of the three pilot provinces, I was struck by the absolute delight of the Provincial Development Staff at the prospect of getting \$1,100 from LRM to finance a study of coastal fishing communities, which they saw as an important input to planning a program of assistance to these communities—a current development priority of the province.

A lot more resources will eventually flow through LRM, but it is likely that this will be the most productive \$1,100 which the project will spend through its entire history. It is sobering to consider how much it has cost to get that small amount to them and the two and a half to three years it has taken. If AID were to conceptualize the project process differently we might well be able to do a great deal more in less time and with less money.

The Philippine experience with its two learning process based institutional development projects highlights a particular gap in the AID system. The critical discontinuity between project design and implementation inherent in the blueprint approach is exacerbated by the inevitable gap between completing the project paper and the satisfaction of conditions precedent. At a minimum, there is a period of six to eight months in which the AID system makes no formal provision for either staff input or funding. My colleagues here indicate that AID staff often come up with ingenious ways of dealing with this problem for which the formal system makes no provision. The issues are basic to AID's concern with finding ways to speed the implementation process. In the case of the LRM and RRD projects, which have been developed around the concept of a continuing design process, it has been possible to justify allocation of staff and the application of remaining PD&S funds on the grounds that the activities carried out during this gap period represent a continuation of the design process.

This apparently is an important legal point, since even though PD&S stands for "Project Design and Support," administrative rulings seem to have redefined the meaning to limit their use to project design. This means that USAID Missions have no funds of their own available to support project implementation. One obvious action in support of facilitating faster implementation would be to establish a separate and adequate fund similar to the existing PD&S fund, which can be used quickly, simply, and flexibly by missions in support of project

implementation. This would facilitate moving ahead with appropriate actions during the gap period and make it possible for missions to respond more readily to special needs arising during project implementation without having to, in a sense, go begging to the recipient government for use of funds which the U.S. Government previously granted it.

The power of small amounts of highly flexible money backed by strong professional staff and a sense of strategy is enormous. There is a dangerous illusion in the donor community that development influence and impact is a function of the size of the donor budget. This is true only to the extent that the money is used as a bludgeon to force changes unwanted by the recipient government and is programmed so rigidly that the recipient has no interest in the offered funds unless they come in quantities too large to be refused. Too often the kind of influence such money is able to exert is counterproductive, even to the point of undermining existing agency and community capacities. The case for the power of relatively small amounts of money is made most clearly by the demonstrated positive influence a relatively small donor such as the Ford Foundation is able to have even in major national programs. Financially inconsequential by the standards of AID and the large development banks, Ford has proven its ability to achieve through the careful positioning of small grants of from \$10,000 to a few hundred thousand dollars, results which the banks with their more cumbersome and inappropriate procedures could not be expected to achieve even with loans in the hundreds of millions. Indeed one reason the banks, and even to a large extent AID, have difficulty achieving such results is specifically because they have to move so much money with relatively few staff and cumbersome procedures that they can seldom effectively address themselves to the difficult and sensitive processes of institutional change on which true development depends. By contrast, the key to the success of smaller donors such as the Ford Foundation is their ability to give promising people very flexible resources which they can use to try out ideas to which they are committed. And such financial resources can be backed by intensive support from professional staff whose primary role is not to process paper and enforce regulations, but rather to engage in collegial interaction with their counterparts and to help link them into larger professional networks in a continuing coalition-building process. It is a powerful combination if one looks on development as primarily a function of people rather than of money—which unfortunately too few donors do.

This in no way implies that all Ford money is well spent or even that it is always better spent than AID's or the World Bank's. The basic point is that when a donor works in a mode that assumes that money and blueprints are the key to development it will have to spend many times more to achieve a comparable result than one which recognizes that people—not money—are the real key to development. The one will seek to overwhelm the problem with brute force. The other will seek to create enabling settings in which creative human energies can be most effectively brought to bear. While the reality of the large donor is that its primary job is politically directed resource transfer—not development—I see no inherent reason why AID cannot at least address a consequential portion of its resources to a development approach based on people rather than money. But it will take more than policy pronouncements and strategy papers. It will require basic changes in mode of operation, as well as in thinking about the basic nature of the development problem.