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**DEVELOPMENT MANAGEMENT IN AID:  
A BASELINE REVIEW OF PROJECT AND PROGRAM MANAGEMENT  
ASSISTANCE IN THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**by**

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**for**

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Dennis A. Rondinelli

Syracuse, New York

11

## CONTENTS

	Page
<b>CHAPTER ONE.</b>	
<b>DEVELOPMENT MANAGEMENT ASSISTANCE IN AID.....</b>	<b>1</b>
Scope and Methodology	
<b>CHAPTER TWO.</b>	
<b>THE POINT FOUR APPROACH TO PUBLIC ADMINISTRATION</b>	
<b>ASSISTANCE.....</b>	<b>13</b>
The Technology Transfer Approach	
The Community Development Approach	
The Institution Building Approach	
<b>CHAPTER THREE.</b>	
<b>SECTORAL AND PROJECT SYSTEMS MANAGEMENT.....</b>	<b>35</b>
Control Oriented Management Approach	
Within AID	
The "Key Problems" Focus of Management	
Assistance	
The Sectoral Systems Management Approach	
Sector Oriented Project Management Systems	
<b>CHAPTER FOUR.</b>	
<b>THE "NEW DIRECTIONS" MANDATE AND DEVELOPMENT</b>	
<b>MANAGEMENT.....</b>	<b>71</b>
The Local Action Approach	
Toward a Process Approach to Project	
Management	
The Hall Committee Report and Changes in	
Development Management Strategy	
Assessing Managerial Capacity	
Managing Participation in Development	
Projects	
Organization and Administration of	
Integrated Rural Development Projects	
Organizationally-Based Action Training	
Managing Benefits Through Targetted	
Projects	
Adapting Project Management to Local	
Conditions	

CHAPTER FIVE.  
MANAGING SOCIAL DEVELOPMENT: TOWARD PERFORMANCE  
IMPROVEMENT AND BUREAUCRATIC REORIENTATION..... 116

Development Administration Strategy and the  
"Four Pillars" of AID Policy  
Process Intervention Approaches to Improving  
Management Performance  
Learning Process Approaches to Social  
Development Management and Bureaucratic  
Reorientation

CHAPTER SIX.  
CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH..... 144

Changing Trends in Development Management  
The Emerging Challenges in Development  
Management  
An Agenda for Future Research and  
Development Activities  
Conclusions

REFERENCES.....176

## CHAPTER ONE

### DEVELOPMENT MANAGEMENT ASSISTANCE IN AID

Providing technical assistance to improve development administration has been an integral part of U.S. foreign assistance for more than 30 years, and its importance in the U.S. Agency for International Development (AID) has been growing since the early 1970s. AID has allocated hundreds of millions of dollars for technical assistance in development administration, management training, and applied research to developing countries over the past decade. During the past few years about 25 percent of all AID field projects have been designed wholly or in part to improve management performance. An even larger share of projects sought to improve the managerial performance of institutions in Third World countries to support other development goals. Much of AID's assistance in management improvement is in the form of education and training. In fiscal year 1982 alone, USAID Missions proposed management training projects costing more than \$152 million, and funds for more than half of these projects were obligated in fiscal year 1983 (USAID, 1982b).

Yet, despite AID's success over the past three decades in sponsoring applied research on institutional development and management improvement, in training thousands of people from developing countries in administration and management, and in

providing technical assistance for project and program management improvement to Third World governments, less developed nations--and AID itself--still face enormous problems with managing development activities efficiently and effectively.

The magnitude and pervasiveness of managerial and organizational problems can be seen clearly by examining AID's recent project evaluations and Country Development Strategy Statements (CDSSs). The USAID (1980a: 46) Mission in Costa Rica, for example, has complained of "public sector inefficiency affecting nearly all of our programs". The USAID Mission in Kenya reported in its CDSS for 1982-1986 (USAID, 1980: 10) that "the insufficient quantity and inadequate quality of trained personnel and appropriate public and private sector institutions limit the formulation and hamper the implementation of necessary development programs, resulting in a suboptimal use of resources." In Bangladesh, the USAID (1980b: 27) staff has observed that the government's "management systems and procedures are exceedingly cumbersome and hamper the expeditious release of funds, the recruitment and assignment of qualified personnel and internal agency realignments. There appears to be little communication, coordination or cooperation among ministries and agencies."

And even in countries, such as the Philippines, where government officials are considered to be relatively well-trained, severe managerial and organizational problems continue to limit their ability to use foreign aid, to mobilize domestic resources, and to plan and manage development projects and programs effectively. The

USAID Mission in the Philippines contends in its 1982 CDSS (USAID, 1980c: 36-37) that "in addition to the limitations on absorbing a much higher level of resources, there exist a number of institutional constraints to more effective use of resources that are received." The USAID staff points out that "the proliferation of implementing agencies, which results in rivalries, duplication of effort, and added costs, tends to handicap program implementation, especially in the absence of adequate management, monitoring and evaluation systems to cope with the added coordination requirements." Administrative capacity remains uneven among Philippine government institutions and this adversely affects the rate and effectiveness of implementation, especially in the health, education, population planning and natural resources sectors. "Overly centralized decision-making and administrative control severely limit the effectiveness of government programs," the Mission's analysts note, and it inhibits the involvement of local and regional governments in ways that could expand overall administrative capacity.

For these reasons, AID continues to give high priority to improving managerial performance in developing countries. Indeed, since 1980, the scope of development management assistance has widened and its importance has increased in AID. The Agency's attention has been refocused on four major instruments of foreign assistance. AID's Administrator contends (USAID, 1983: 2) that the Agency's success in meeting its objectives of helping developing countries to alleviate poverty and provide for basic human needs

"rests upon four pillars: 1) policy dialogue, 2) private enterprise, 3) technology transfer, and 4) institutional development."

All four of these "pillars" of U.S. foreign assistance depend heavily on improving management performance in developing countries. But it is most important in promoting institutional development, which is now clearly recognized as an essential component of AID's activities. The Administrator has pointed out that institutional development is a slow, long-term process, "but it is vital. Without indigenous institutions to carry on, our mission cannot succeed in the long run." Moreover, the changing conditions in the world economy, the scarcity of capital resources in developing countries, and the growing problems of poverty and underdevelopment have all made effective organizations and efficient management crucial for the success of development activities.

Thus, the Development Administration Division of AID's Bureau of Science and Technology has embarked on a new six-year effort in technical assistance, training, and applied research to build institutional capability and improve program and project management performance in developing countries. It seeks to forge a more effective development administration strategy to support AID's "four pillars" of foreign assistance. These activities will move beyond AID's traditional role in management education and training to address a broad range of factors that affect management performance and institutional development. In its (USAID, 1982b:

2) Performance Management Project proposal the Development Administration Division noted that

managerial performance requires more than attention to deficiencies in skills and knowledge. Education and training activities are necessary to improving the management of LDC institutions, but they are usually not sufficient. The development of capable, effective institutions also requires attention to [1] the national and sectoral environment that affects their work; [2] leadership and strategy--goal setting, decisions, resource acquisition, guidance and evaluation; [3] organizational structures; [4] internal systems--budgeting and accounting, personnel, monitoring; and [5] operating effectiveness-- implementation. The final test of management is better organizational performance.

An important part of this new thrust is to begin with a review of AID's experience with improving development administration --and especially with project and program management--in order to assess what AID has already done and to determine what has been learned from nearly three decades of experience.

Such a review is needed because AID's strategies and approaches to development have changed drastically since the 1960s. Its mission has been redirected and its activities have been refocused several times. The rapid growth in knowledge about development administration and management in recent years has led to reassessments of the most effective approaches and interventions. Indeed, the changes in thinking about development management have generated many new--and sometimes conflicting--strategies. Much of that knowledge and some of the strategies have resulted directly from applied research and pilot projects sponsored by AID. Thus, a review of that experience and of the lessons learned from it can

provide a "baseline" for identifying the kinds of applied research that must still be done on issues of development management, allow those providing training and technical assistance to distill important principles and guidelines for action, and consolidate knowledge that can be disseminated to institutions in developing countries.

This study is a part of that "baseline analysis." It seeks to 1) describe the evolution of AID's development management strategies over the past 30 years, especially those concerned with planning and implementing development projects and programs; 2) identify the intervention approaches used by AID to improve project and program management performance; 3) examine the reasons for the adoption of those strategies and approaches; 4) identify the assumptions or principles underlying them; and 5) summarize important lessons and implications.

#### Scope and Methodology

This study focuses almost exclusively on changes in strategies and approaches to development management within the U.S. Agency for International Development over the past three decades. It is based on a review of AID documents, policy statements, contracts, reports and evaluations, and on published literature that was a direct or indirect product of AID-supported research and technical assistance. Moreover, the study focuses almost entirely on the activities of the Office of Development Administration in the Bureau of Science and Technology, which has had primary

responsibility for providing applied research and technical assistance for development management within the Agency. This does not imply that other technical offices in AID or that USAID Missions have not made important contributions to the Agency's management and administrative assistance activities, but it does recognize that the dominant staff responsibility has been with the Office of Development Administration since the late 1960s and that its activities have been the focal point of AID's work in this field.

A study such as this could be done in many ways, but this one offers a chronological and historical perspective on AID's experience. Such a framework is useful for a number of reasons:

The first is that the strategies and approaches used by AID have changed rather drastically over time and the evolution of thinking underlying those changes can only be seen clearly in historical perspective.

The second is that an historical perspective shows that the changes were not merely random or arbitrary fads. Most of the changes in AID strategies and approaches resulted from the lessons learned from previous successes and failures. In some cases they evolved from dissatisfaction within the Agency, or from its constituencies, with previous approaches to development administration. In other cases they were brought about by evidence that interventions seemed to be effective in promoting change. In still others, the new knowledge that came from AID's own

evaluations or from the applied research that it had sponsored was the source of change. It is important to keep in mind that all international assistance agencies have, over the past three decades, essentially been engaged in a "learning process."

Third, a chronological examination indicates that the Office of Development Administration's activities have been strongly shaped and directed by changes in AID's priorities and in American foreign policy. Changes in Agency priorities have largely determined how development management interventions could be defined in AID, the sectors and problems to which they could be addressed, the kinds of requests that were made for assistance by USAID Missions, and the types of projects that the Office of Development Administration could reasonably expect to have approved and funded.

Fourth, the historical examination of changes in the Office of Development Administration's activities illustrates--implicitly, at least, because this was not a primary dimension of analysis--that they were shaped as well by a large number of constituencies. The political and technical priorities of the Agency are influenced by Congress, the White House, the governments to which aid is provided, the State Department's interpretation of the larger context of U.S. foreign policy, and to some degree by the fact that economic and military assistance are often closely linked. Moreover, technical offices within AID are influenced directly or indirectly by the thinking and methods of their contractors and consultants, by academic research and the changing theories of economic and social development that result from it, by the

interaction between USAID Mission staff and counterpart officials in developing countries, and by the experience and perspectives of the individual staff members working in those offices. Many of these influences are seen clearly in the examination of AID experience that follows.

The contention that AID's approaches to development management have largely been evolutionary and based on a long process of learning does not imply that there is complete agreement within the Agency on current approaches, or on the lessons that have been learned from previous experience. AID staff, contractors, consultants, Mission personnel and LDC counterparts often have very different perspectives on management needs and on the value of different techniques of intervention and training.

The field of management theory is replete with contending schools of thought, and the thinking within AID has reflected that diversity. Crawley (1965: 169) pointed out nearly two decades ago that debates in AID over proper management approaches included advocates of the management process, empirical analysis, human behavior, social system engineering, decision theory, and mathematical modelling schools of management thinking. Diversity of opinion in AID about the "right" approaches to management improvement is not new; nor is it now less disparate than it was in the past. Tensions still exist between those who advocate technique- and process-oriented approaches, between those who believe in participatory- and control-oriented approaches, between those who use systems and incremental approaches, and between those

who prescribe structural and behavioral approaches to change. Differences still arise between those who believe that management is a science and those who are convinced that it is an art.

The tensions are often exacerbated by the fact that AID is a complex organization, in which many objectives are pursued simultaneously. Many of AID's career staff see their primary objective as achieving the Agency's goals of supporting U.S. foreign policy. Many others consider it the primary objective of aid to help the poor in developing countries to become more independent and self-sufficient. In theory, AID considers the two objectives to be consistent, in practice they often are not.

Differences of opinion and belief within AID about the efficacy of various development administration and project and program management improvement approaches are inevitable. But it is not necessarily desirable--given the wide variety of conditions prevailing in developing countries and the diversity of problems that they face--that AID adopt a single approach to management improvement. Indeed, the strongest lesson that seems to emerge from the analysis that follows is that it is dangerous to assume that any single set of management interventions will work equally well in all countries at all times. Management techniques that are effective in one country may not be so in others with different problems and conditions. Management improvement methods that work well at one period of time may be less effective later in the same country, or even in the same institution, when conditions change.

government bureaucracies may not be as appropriate for local governments or rural communities.

Perhaps the best that AID can do is to attempt to assess from experience the range of conditions under which different approaches to development management seemed to have resulted in better performance, keeping in mind that such a determination will not guarantee success in applying them in other countries at other times. As the conclusions of this study suggest, AID's traditional concepts of technology transfer and replication need re-evaluation in light of the findings of its studies of management performance. Indeed, the concept of management performance as an instrument of development administration must be reassessed and better defined. This study concludes with the suggestion that management may be neither a science nor an art--but a craft, requiring methods, techniques and forms of assistance that are quite different from those usually prescribed in management theory.

In the sections that follow, AID's strategies of development administration and approaches to project and program management are traced 1) through the 1950s and early 1960s when the "Point Four" technology transfer approaches were dominant, 2) to the mid- and late-1960s when AID adopted the administrative reform and institution-building approaches, 3) to the early 1970s when AID concentrated on sectoral systems and project management improvement approaches, 4) to the mid-1970s when the "New Directions" mandate refocused AID's concern on "people-centered" approaches to designing and managing programs and projects to reach the "poor

majority" more effectively; and, 5) through the early 1980s when the emphasis was refocused on expanding institutional capability and improving management performance through process intervention, bureaucratic reorientation, social learning.

## CHAPTER TWO

### THE POINT FOUR APPROACH TO PUBLIC

#### ADMINISTRATION ASSISTANCE

AID's technical assistance for development administration during the 1950s and early 1960s was heavily influenced by the prevailing concepts and theories of economic development. When the United States began seriously to provide assistance for economic development in the 1940s through the Marshall Plan, or Point Four Program, American efforts were focused almost entirely on rebuilding the physical and industrial structure of European countries that had attained high levels of productive capacity prior to World War II. American aid was primarily aimed at rehabilitating physical infrastructure and industrial plants, temporarily feeding large numbers of people whose sources of income had been destroyed during the war, and re-establishing the economies of industrial societies. When the rehabilitation of European economies had been achieved and American foreign assistance was extended to poorer countries, similar methods of technology transfer and infrastructure construction were used in an attempt to promote high levels of economic growth.

Gross national product, it was believed, could be increased most rapidly by raising the level of industrial output. Developing nations were urged to seek large amounts of foreign capital, to

build on their comparative advantages in low-wage manufacturing or in raw-materials exporting and to apply capital-intensive technology in their production processes. Export-oriented or import substitution industries were usually favored. Agriculture would be modernized by the application of commercial fertilizers, the use of modern machinery, and the application of technology used in Western countries. Strong emphasis was placed as well on political modernization and administrative reform to create conditions that development theorists thought were essential to promote rapid economic growth and social change.

This early period of American experience with development assistance was based on a strongly prevailing paradigm, the elements of which, as Esman (1980) points out, were that: 1) all societies could modernize and grow economically in a sequence of historically verified stages that had occurred in Western nations over the previous two centuries; 2) this modernization and growth could be accelerated in poor countries through the transfer of resources and technologies from industrialized nations; 3) the state, primarily through the central government, would be the principal instrument of promoting economic growth and of guiding modernization; 4) central governments, through comprehensive and effective planning and management, could guide or control the economic, social and political forces generating growth and modernization; 5) well-trained technical and professional personnel in central government bureaucracies, using modern administrative procedures and supported by benevolent and development-oriented

political leaders, would serve as the catalysts for modernization and development; 6) leaders of developing countries, eager for growth and modernization, would sacrifice other values and-- with the help of Western advisors--would provide the political and moral support necessary to achieve these goals; 7) the transformation of underdeveloped societies from poverty would be rapid and the benefits of growth would be widely shared, and 8) development would create the preconditions for political stability that eventually would lead to democratic participation in economic and political activities.

#### The Technology Transfer Approach

During the 1950s and 1960s technical assistance took the form of what Esman and Montgomery (1969: 509) called the "Point Four Model." This consisted merely of transferring American administrative technology and "know-how" to less developed countries, much in the same way that industrial and agricultural technology and economic "know-how" were transferred through the Marshall Plan. This approach assumed that successful methods, techniques and ways of solving problems and delivering services in the United States or other economically advanced countries would prove equally successful in developing nations. AID and other international assistance agencies spent large amounts of money on establishing institutes of public administration in developing countries, on bringing people from developing nations to the United States to study public administration and on providing training programs in developing countries. The United Nations, AID and the

Ford Foundation together spent more than \$250 million during the 1950s alone on institution building and public administration training. AID helped establish institutes of public administration in many countries including Brazil, Mexico, Peru, Ecuador, El Salvador, Korea, Pakistan, the Philippines, Thailand and Vietnam. More than 7,000 people from developing countries were brought to the United States to study public administration through the auspices of international funding agencies during the 1950s (Paul, 1983: 19).

Much of the knowledge transferred abroad, and most of the training given in the United States, was steeped in conventional administrative theory. In the Weberian tradition, it emphasized the creation of a politically neutral civil service in which modern methods of management, budgeting, personnel administration, contracting, procurement, supervision and auditing would be applied. The transfer of Western techniques to the developing world-- what Siffin (1976) later called a "tool oriented" approach--assumed that administrative capacity for development could be expanded simply by adopting the approaches that had been successful in economically advanced countries without seriously examining the political conditions or administrative needs in developing nations. Strong emphasis was also placed on "administrative reform" to bring about organizational changes in government bureaucracies, which were often considered to be irrational, politically influenced, ineffective and corrupt.

But the tool-oriented or technology-transfer approach to

development administration came under severe criticism during the 1960s. In a study prepared for AID, Eskin and Montgomery (1969: 509) pointed out that:

Much American know-how is ill-suited to the needs of many less developed countries. While Americans learned to economize on labor, these countries have labor surpluses and acute scarcity of capital. Many of our techniques, if they were to be useful, depend on other complementary skills and organizations which are assumed in America, but do not exist in other countries. Western technology has also encountered unexpected cultural barriers. For example, it presupposed attitudes toward time, the manipulation of the physical world, and the proper relationships among men and between men and government which simply do not prevail in many societies. Many innovations which an American considers purely technical were seen as threatening to men in other cultures. ... Technological innovation sometimes brings drastic changes in the social, political and personal behavior of many individuals. In many instances, our overseas partners in technical cooperation accepted American practices in a literal or formal way, but applied them with quite unexpected results.

Others noted that the administrative tools and concepts transferred to developing countries were not, in fact, merely neutral instruments for increasing administrative capacity. They were methods of administration that grew out of the American political experience and Western democratic values. As such they placed strong emphasis on such concepts as separation of powers and specialization of functions within government; separation of politics and administration; and the belief that administration was a technical, non-political activity. American public administration theory was imbued with a hierarchical view of decision-making and management. It emphasized decision-making by rule of law and impartiality in the administration of laws. It assumed that merit and skill should be the basis for personnel

selection and promotion in the civil service system. It also assumed the desirability of strong executive power, authority and control in the administration of government activities. The major underlying assumption was that the transfer of Western administrative tools would lead to a high level of efficiency and effectiveness--the most highly valued goals of Western administrative theory--in developing nations (Siffin, 1976; Ingle, 1979).

The application of the Western techniques often produced unanticipated effects, or had no impact at all on improving administrative procedures, in developing countries. In some cases the techniques were detrimental to those societies to which they were transferred. Siffin (1976:63) notes that the transfer of American administrative techniques and procedures "largely ignored the human side of administration and the real problems of incentives. It afforded no foundation for the study of policymaking and administrative politics. And it simply did not fit the realities of most of the developing countries of the world."

Esman and Montgomery (1969: 514-515) urged AID to abandon the transfer of American public administration techniques as the primary means of providing technical assistance in development administration and, instead, to address more directly "the problems of fostering developmental change through technical cooperation." This alternative approach would:

1. Define projects in broad sectoral terms that link

then directly to major systems of action;

2. Encourage the use by host governments of mixtures of public, market and voluntary instrumentalities as defined by specific local capabilities;

3. Concentrate on experimental activities for which there are no readily available standard solutions, in which the United States and local participants can engage in solving important developmental problems through a cooperative learning process;

4. Make full collegial use of local human resources in jointly directed experimental programming;

5. Sustain our participation long enough to build indigenous institutions that represent real additions to the capacity of the host country to deal with increasingly complex problems;

6. Make use of the most advanced management technologies in selected projects for pilot and demonstration purposes;

7. Select activities as targets of opportunity on pragmatic judgments of their importance, the strength of domestic support, and the capacity of the United States to deliver assistance effectively; and,

8. Make use of technical cooperation activities to improve the quality of civic life of those affected.

Some of these recommendations were reflected in changes in AID's approaches to project and program management during the 1970s, others were ignored, and some were "rediscovered" by those assessing the impact of technical assistance in the early 1980s.

#### The Community Development Movement

One means that was used extensively during the 1950s and 1960s to promote social change, inculcate the spirit of democracy, attempt to create conditions that would establish a base for political stability and promote social welfare for the masses of the poor in developing nations was community development. In many ways, the

community development movement reflected all of the underlying assumptions of the Point Four approach. It fit Americans' image of local democracy. It made heavy use of methods developed to assist with agricultural and rural development during the "New Deal" and to assist the poor in American slums and ghettos during the previous half century. Moreover, it relied heavily on American urban and rural community development advisors and on agricultural and social services technicians who could use American goods and technology to promote local development abroad.

The movement was based on a set of concepts and procedures that had long been used to assist the poor in cities and rural areas of the United States. Community development, as it was practiced in the United States, has been described (Kramer and Specht, 1975: 6) as

the interactional processes of working with an action system which include identifying, recruiting, and working with members and developing organizational and interpersonal relations formulating plans, developing strategies and mobilizing the resources necessary to effect action.

Community development followed a fairly standard pattern nearly everywhere it was practiced: 1) working with the residents of a community to identify their major problems and elicit their participation in programs designed to deal with them; 2) creating or strengthening social relationships among members of the community and building group cohesion so that they could pursue common action to overcome local problems; 3) identifying goals and actions to remedy or ameliorate community problems; 4) assisting

individuals to assume positions of leadership for organizational development and local action; 5) developing organizational structures that allow community residents to build an effective constituency or coalition for taking action and pressing authorities for help and resources; 6) developing and extending linkages of communication and interaction with other groups and organizations that have resources or authority; 7) creating the capacity among local residents to plan, manage and implement a program to deal with current problems and future changes; 8) developing mechanisms and arrangements for participation and coordination; and 9) increasing the organizational capacity of community residents to anticipate and adjust to social changes on a continuing basis (Brager and Spacht, 1973). The individuals and organizations that promoted community development were "change agents" who facilitated the processes of local organizational development and resource mobilization.

In his retrospective assessment of the movement for AID, Holdcroft (1978: 10) correctly points out that the agency adopted the community development process because it was perceived to fit so well with the ideology underlying the Point Four approach to development assistance and because it was seen as an effective instrument for promoting political stability from the "Cold War" perspective. AID defined community development as a program that "a) involves people on a community basis in the solution of their common problems; b) teaches and insists upon the use of democratic processes in the joint solution of community problems, and c)

activates or facilitates the transfer of technology to the people of a community for more effective solution of their common problems."

Beginning in the early 1950s, AID sent teams of technical assistance personnel to those countries where governments expressed an interest in establishing community development programs both to act as policy advisors and to assist with program design. Most of the programs were self-help efforts to assist villagers to establish small-scale health, educational, sanitation, and social services, obtain agricultural extension services, and construct small-scale infrastructure, such as roads, bridges, dams, and irrigation ditches. AID also provided capital assistance for community development projects in some countries.

A Community Development Division was established in AID in 1954 to coordinate the Agency's activities and to disseminate information about what had become by the mid-1950s a world-wide movement. Community development was supported not only by AID but by the Ford Foundation and other voluntary organizations, by several United Nations Specialized Agencies and by other bilateral donors. AID produced a periodical, The Community Development Review, which was disseminated widely throughout the world until the early 1960s. AID also sponsored six international conferences--in Iran, Libya, Ceylon, Korea, and the United States--as forums for exchanging experience and disseminating information about community development.

Advocates of community development argued that the objective of economic and social modernization was to improve the lives of people in developing countries and that the movement was one of the most effective ways of doing so for the masses of the poor. They contended that the approach was also an economically sound form of national development because it mobilized underused labor and resources with minimum capital investment and extended the impact of scarce government specialists in health, education, social services and agriculture through the coordinated efforts of community development agents. Moreover, they argued that community development was the most effective way of promoting and guiding change among large numbers of people in a peaceful and stable way and of promoting the spirit of self-help, participation and democratic decision-making. Through community development, local action could be linked with macro-economic development at the national level (Sanders, 1958; Tumin, 1958).

By 1959, AID was assisting 25 countries with community development, and was heavily involved, along with the Ford Foundation, in extensive pilot projects in India. The Agency had more than 100 advisors assigned to projects and programs throughout the world. From the early 1950s to the early 1960s, AID provided more than \$50 million to more than 30 countries through bilateral assistance and indirectly supported community development programs through contributions to United Nations agencies that were funding the movement in nearly 30 other countries (Holdcroft, 1978). Moreover, community development programs were used extensively as

ways of preventing or countering insurgency in South Korea, Taiwan, Malaysia, the Philippines, Thailand and South Vietnam from the late 1950s until the early 1970s.

Despite the widespread acceptance of the community development approach, the programs were coming under increasing criticism during the late 1950s, often from national planners and macro-economists, who argued that the primary goal of development was to increase national economic output and Gross National Product, and that community development was an economically inefficient means of doing so. By concentrating investment on national production, they argued, trickle down and spread effects would increase the incomes of the poor and create surpluses through which government could later provide social services and infrastructure in rural areas. They argued that attention should be focused on lowering population growth rates in developing countries, without which it would be impossible to improve incomes and living conditions in communities, no matter how much effort was devoted to local action. Others argued that social change was volatile and unpredictable; once expectations were raised through community development, social dissatisfaction would be difficult to control. In addition, critics argued that most underdeveloped countries did not have sufficient numbers of "achievement oriented" leaders or change agents to mobilize and direct community development, and without them the movement could not succeed (Sanders, 1958).

Both the arguments of the critics and the increasing numbers of

disappointing evaluations of the impact of community development led AID in the early 1960s to reduce dramatically its support for such projects. Although it continued to be used as an instrument of counter-insurgency and "pacification" in Vietnam and other countries threatened with social unrest until the early 1970s (Rondinelli, 1971), it was no longer seriously promoted by AID as an instrument of economic development by the mid-1960s.

As Holdcroft (1978) points out, the community development movement faded for a number of reasons:

1. Advocates of community development promised to achieve more than the movement could possibly deliver in promoting social stability and improving local living conditions, and thus it generated expectations at both the local and national levels that it could not fulfill.
2. Community development was always perceived of by AID and by many national leaders as a form of "pacification," aimed at promoting local democratic principles, easing the threats of social instability and subversion, and guiding change in nonrevolutionary ways. Yet, it did not directly address--and indeed was often designed to divert attention from--the political and social forces that caused and maintained widespread poverty and social dissatisfaction. Often community development programs strengthened the position of local elites, landowners and government officials, and as a result it was difficult to elicit real participation by the disadvantaged.

3. By emphasizing the provision of social services rather than promoting productive and income-generating activities, community development did not contribute to creating a sound economic base for improving the living conditions of the poor. Resources for both the construction of facilities and for the recurrent costs of social services, therefore, often had to come from central governments that were reluctant or unable to provide them on a large scale throughout the country.

4. Community development programs never solved the problem of coordination, on which their success so heavily depended. The programs required substantial inputs from a variety of government ministries and agencies that did not work together effectively even at the national level. Few community development programs could overcome the ill effects of the rivalries, conflicts and lack of cooperation among government agencies, and thus required inputs could not be coordinated effectively at the local level.

5. Advocates of community development often failed to recognize and deal with the high degree of heterogeneity in communities and the conflicts among different income, social and cultural groups in developing countries. They often dealt with communities as groups of people who had common interests and who would work together for the common good. In reality, there was often a multiplicity of differing and conflicting interests, especially between the elites and others, and among people who had always interacted on the basis of family, tribal, ethnic, religious or other affiliations. Structural barriers were often greater than the incentives offered

by community development for cooperation and participation.

6. The "self-help" approach to community development, alone, could not mobilize sufficient resources to promote pervasive and meaningful change and was not an adequate substitute for institutional development.

6. Community development workers were usually recruited from among the more educated and higher income groups, and they tended to support more the values and goals of the rural elite than those of the rural poor. Thus, they were not usually effective as either leaders or advisors.

7. Often the community development pilot programs were replicated and expanded too rapidly. Community development workers were recruited in large numbers and not given adequate training. When the programs were expanded too widely and too quickly, they could not be supported with the financial and physical resources needed to make them work effectively on a large scale.

Thus, by the mid-1960s the support for community development within AID had largely faded and the movement was displaced by other, seemingly more effective, approaches.

#### The Institution-Building Approach

New approaches to development administration emerged during the 1960s, partially in reaction to the inadequacies of the technology transfer and community development processes. AID sponsored, through the Comparative Administration Group (CAG) of the American

Society for Public Administration, a series theoretical studies on administrative and political reform in developing nations. The political modernizers believed that the transfer of American administrative procedures and techniques was not sufficient. They viewed development administration as "social engineering" and national governments--rather than local communities-- as the prime movers of social change. Landau (1970) defined development administration as a "directive and directional process which is intended to make things happen in a certain way over intervals of time." Others perceived of it as a means of improving the capacities of central governments to deal with problems and opportunities created by modernization and change (Lee, 1970; Spengler, 1963). National development administration would be the instrument of transforming traditional societies. But unless the entire political system was reformed and modernized, governments of developing nations could not adequately direct and control social and economic progress. "What is urgently needed in the study of development administration," Riggs (1970: 108) argued, "is a new set of doctrines likely to prove helpful to countries who seek to enhance these capacities in order to be able to undertake with success programs intended to modify the characteristics of their physical, human, and cultural environments."

During the 1960s and early 1970s, the institution-building approach emerged from the work of the Comparative Administration Group on theories of political modernization and administrative reform. The concepts and approaches to institution-building were

formulated by Milton Esman and colleagues at schools participating in the Midwest Universities Consortium for International Activities (MUCIA). The Institution-Building approach was heavily funded by AID and tested through AID-sponsored field projects.

The institution-building approach emerged at a time when many of the conventional growth-maximization and industrialization theories of development were coming under severe criticism. By the early 1960s it had become increasingly clear that foreign aid programs promoting rapid growth through capital intensive industrialization simply were not working in most developing countries. Growth occurred in some Third World nations during the 1950s and early 1960s, but at rates well below those targetted in national development plans. Studies found that foreign aid had little direct impact on increasing the levels of GNP in most developing countries, and in some had simply reinforced polarizing tendencies in which a small minority of the elites got richer while the vast majority of the people became poorer (Friedman, 1958; Griffin and Enos, 1970).

The problems, it was argued, arose from the vast numbers of obstacles and bottlenecks to industrial and agricultural expansion in developing countries. The primary task of governments and international assistance agencies, therefore, was to overcome these obstacles and break the bottlenecks so that economic, social and political changes could create conditions more conducive to development.

Foreign assistance would have to be focused on the key sectors in which the bottlenecks occurred and on key problems that created obstacles to increased public and private investment. U.S. foreign assistance programs concentrated on providing technical and financial assistance for research into new high-yielding seed varieties, irrigation system construction, improvements in agricultural training and extension programs, the creation of marketing systems, the organization of cooperatives and farmers associations and the initiation of agricultural credit schemes. Land reform and ownership redistribution programs were strongly advocated. Large amounts of American foreign aid went to private and voluntary organizations promoting population control and family planning in developing nations. Aid was also channelled into human resources development, primarily through programs to assist developing countries to strengthen their educational institutions.

The low levels of administrative capacity in governments of developing countries was seen as an overriding obstacle or bottleneck to development. One of the leading American development administration theorists, Donald Stone (1965: 53) argued, that "the primary obstacles to development are administrative rather than economic, and not deficiencies in natural resources." He summarized the arguments of many other development theorists in noting that poor countries "generally lack the administrative capability for implementing plans and programs," and that in the United States and other economically advanced countries "a great deal of untapped knowledge and experience is available in respect

to the development of effective organization to plan and administer comprehensive development programs." But he insisted, "most persons charged with planning and other development responsibilities in individual countries, as well as persons made available under technical assistance programs, do not have adequate knowledge or adaptability in designing and installing organizations, institutions, and procedures suitable for a particular country."

The institution-building approach was based on the assumption that the introduction of change was the primary purpose of development administration. Indeed, development was defined as "a process involving the introduction of change or innovations in societies" (Smart, 1970). In developing countries the most urgent need of governments was for administrative procedures and methods that promoted change and not for those that simply strengthened its maintenance capacities. Underlying this approach was the assumption that change was introduced and sustained primarily through formal institutions and especially through government and educational organizations (Esman, 1967; Blase, 1973). In order for changes to be adopted and have a long term impact they had to be protected by formal organizations, that is, change had to be "institutionalized." The process of institutionalization involved a complex set of interactions between the organization adopting or promoting change and the environment in which it had to operate and obtain support.

According to Esman (1966) the variables that affected the ability

of organizations to institutionalize change included: 1) leadership--a group of persons who engage actively in formulating an organization's doctrine and programs and who direct its operations and interactions with the environment; 2) doctrine--the organization's values, objectives and operational methods that rationalize its actions; 3) program--the functions and services that constitute the organization's output; 4) resources --the organization's physical, human and technological inputs; and, 5) structure--the processes established for the operation and maintenance of the organization.

Each of these aspects of an institution had to be strengthened if it was to be effective in introducing, protecting and sustaining change. Moreover, an effective change-inducing institution had to engage successfully in transactions with other organizations in its environment in order to obtain authority, resources and support and to make the impact of change felt throughout society. Those transactions occurred through an institution's linkages. Four types of linkages had to be strengthened if institutions were to become effective change-inducing organizations: 1) enabling linkages with organizations controlling resources and authority needed by the institution to function; 2) functional linkages with organizations performing complementary functions and services or which are competitive with the institution; 3) normative linkages through which other organizations place constraints on or legitimize the institutions' norms and values as expressed in its doctrine or programs; and, 4) diffused linkages through which the

institution has an impact on other organizations in the environment.

The transactions allow the institution to gain support and overcome resistance, exchange resources, structure the environment and transfer norms and values (Esman, 1966). An organization became an institution when the changes which it advocated and protected were accepted, valued, and became functional in the environment. Then, institution-building was accomplished (Smart, 1970).

The AID-sponsored activities included a massive research program into ways of building institutional capability for development. They also included technical assistance to institutions in several developing countries. The research produced detailed and extensive studies of organizational characteristics and administrative behavior in developing nations (Eaton, 1972).

The results of the technical assistance, however, were somewhat disappointing. Drawing on four specific cases (Siffin, 1967; Birkhead, 1967; Hanson, 1968; and Blase and Rodriguez, 1968) that were typical of many others in which the MUCIA network attempted to apply institution building theory, Blase (1973: 8-9) notes that nearly all the technical aid came from the faculty of American universities who were only able to introduce models of change and were "unable to carry their local counterparts with them on significant issues." Studies of the cases in Nigeria, Ecuador, Thailand and Turkey indicated that the local counterparts tended to

support only a few of the institutional changes that were recommended by foreign assistance personnel. "Local staff members frequently attached higher priority to protecting existing relationships than to the changes proposed by technical assistance personnel," Blase concluded, "although they frequently agreed with technical personnel about proposed goals."

Ironically, during the 1970's the administrative-political reform and the institution-building approaches came under heavy attack both by administrative theorists, who considered them unsystematic and insufficiently theoretical to add much to knowledge about comparative administration (Loveman, 1976; Sigelman, 1976; Bendor, 1976) and by practitioners who considered them too abstract and theoretical to be operational (Ingle, 1979). AID, for example, reassessed its support of CAG and MUCIA at the end of the 1960s and decided at the beginning of the 1970s to cut back both its funding for public administration training and for research and technical assistance in administrative reform and institution-building.

## CHAPTER THREE

### SECTORAL AND PROJECT SYSTEMS MANAGEMENT

To some degree AID officials' thinking about the field of development administration was influenced by the Ford Foundation's reassessment of its attempts to strengthen public administration in developing countries during the 1960s. In the early 1970s, Ford did a general evaluation of the institutes of public administration that it had helped to establish and an in-depth assessment of its program in Nigeria, where it had provided more than \$8 million in financial assistance for a program aimed at assisting the Nigerians to cope with the problems of (Edwards, 1972:2) "an expatriate infused bureaucracy, requiring 'localization;' a colonial-inherited bureaucratic structure which was not change oriented; inadequate output of university graduates with administrative and management skills; a complex and now Federated governing system presenting unresolved problems of coordination, resources allocation vis-a-vis the separate States, budgeting and local government; and, inadequate capacity for social science research."

As AID had done in other countries, the Ford Foundation financed in-service training programs in Nigeria through Staff Development Centers, provided preservice training through the Ife Institute of Administration and offered technical assistance with designing the National Plan for 1962-1968. It supported public administration professional organizations and conferences, built up the capacity for social and economic research in training institutes, provided

assistance with administration and management for many development projects, and helped create the Nigerian Institute of Management.

However, the evaluations concluded that conditions within the Nigerian government had further deteriorated during the 1960s, despite massive aid for improving public administration. The recommendations for administrative reform went largely unheeded. Among the preliminary findings were that "rapid 'localization' tended to stabilize the bureaucracy, fixing concerns for internal status and influence, which did not encourage change." Policy-making continued to be dominated by a change-resistant bureaucracy, notwithstanding the rise of the military to political power. Macro-economic planning became even less relevant than before because the planners and economists had not linked plans to programs, budgets, projects and sound management practices. Problems of poor coordination and centralization had grown with Federalism. Parastatal organizations, especially marketing boards, had increased in number and had become more difficult to manage. New opportunities for education and training produced an elitist attitude among university graduates and enterprise leaders. The report (Edwards, 1972) pointed out that "growing financial resources--chiefly oil revenues-- have eased financial and resource constraints but conversely have multiplied demands upon scarce and inadequately trained manpower for administration and management, at all levels of government."

Other evaluations later found that the training institutions, created at high cost, were able to provide services only to a small

percentage of the civil servants needing training and that few were able to carry out research effectively or to provide consulting services to the government. By the end of the 1960s, little evidence existed to document their impact on improving administrative capacities or performance in the governments of countries in which they were established (Paul, 1983).

AID officials' discussions with Ford Foundation evaluators during the early 1970s led them to examine U.S. bilateral assistance for public administration training and institution building. They came to similar conclusions. "Fairly conventional public administration methods had been used, as conceived by U.S. university contractors," they observed. These methods offered "too academic an approach in the context of conventional U.S. oriented public administration." The universities had "spotty recruitment records in terms of continuity and quality, relying chiefly on U.S. academics." They usually created a "separate U.S. contract 'team' presence, with excessive reliance upon expatriate heads of assisted institutions." Inadequate attention was given to expanding the pool of trained manpower and their approach to institution building did not effectively strengthen the linkages of the assisted organizations to leadership, support and the political environment. Finally, the report concluded, the institutions that were assisted never developed a strong research capacity (Edwards, 1972).

Both the AID and the Ford Foundation evaluators agreed that more innovative programs and approaches to technical assistance were

needed in developing countries, that the assistance had to be focused more directly on operational problems, and that training had to be tailored more closely to the internal problems and needs of the developing countries rather than simply providing those programs in which American universities had developed expertise.

During the late 1960s foreign assistance programs also came under increasing criticism by several international commissions. The Pearson Commission (1969) and the Jackson (1969) Committee took the assistance policies of AID, the World Bank and United Nations to task for their complexity and rigidity and for not recognizing the great differences in needs among developing countries. Among the Jackson Committee's most severe criticisms was that foreign aid was not tailored to local conditions. Most international and bilateral assistance programs merely transferred Western practices and institutions to poor countries without modifying or adapting them. "Instead of measuring and cutting the cloth on the spot in accordance with individual circumstances and wants," the Committee (Jackson, 1969: 171) claimed, "a ready made garment is produced and forced to fit afterwards." Moreover, foreign assistance programs were focussed almost entirely on promoting rapid macro-economic growth and had not taken into consideration the distributional effects of economic development policies. Thus, they had largely ignored the masses of people living in poverty whose conditions were worsening rather than improving.

At the same time a recurring complaint by AID officials was that developing countries still lacked the administrative capacity to

plan and implement projects and programs in those sectors that presented the strongest obstacles to development. In an influential book on national development planning, World Bank official Albert Waterston (1965) had argued that "there is generally a scarcity of well-prepared projects ready to go and it is hard to find coherent programs for basic economic and social sectors. The lack of projects reduces the number of productive investment opportunities."

#### Control-Oriented Management Approach Within AID

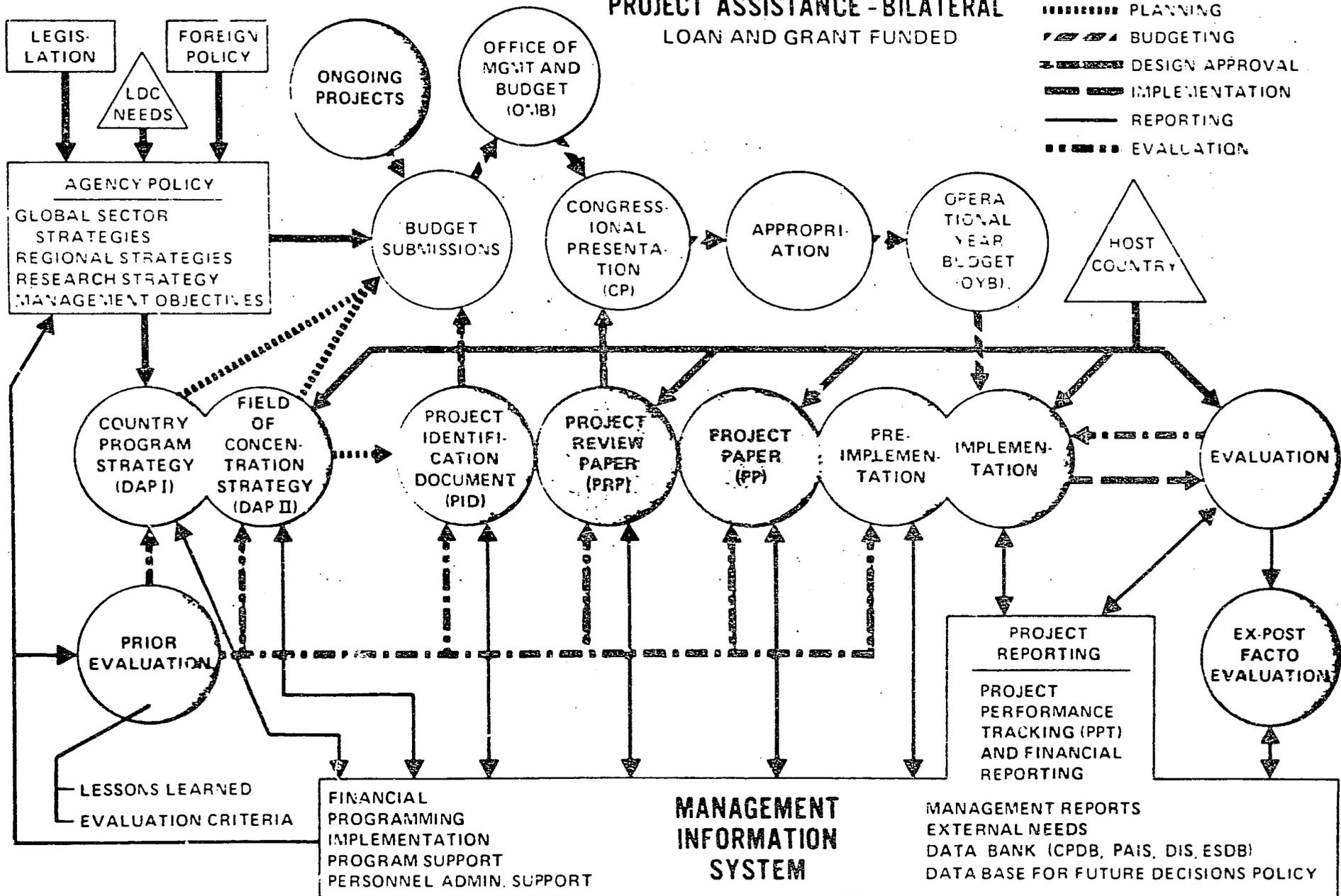
In reaction to the widespread criticism of bilateral and multilateral foreign aid programs that were reflected in the findings of the Pearson and Jackson reports, and because of increased scrutiny and oversight of the AID program by Congress, the Agency began in the late 1960s and early 1970s to adopt management systems for its own lending and grant activities. The system of controls and management procedures adopted by AID was influenced in part by the need to integrate project development activities and documentation with the Agency's budgeting process and with its annual Congressional Presentation. Adoption of a more systematic approach to loan and grant management was also influenced by the prevailing belief at the end of the 1960s in the efficacy of "systems management." Many administrative theorists argued that implementation could be greatly improved by the application of project management systems that had been used in corporations to manage large scale construction projects and in the Defense Department and NASA to manage defense systems and space

projects. Indeed, a number of other federal agencies had also adopted planning-budgeting-programming systems (PPBS), of which AID's planning-budgeting-and-review (PBAR) process was but a variation.

The management science approach, strongly advocated by technical experts, project engineers, and management consultants was one, as Eaman and Montgomery (1969) pointed out, "which applies mathematical logic to optimizing the performance of an organization, usually in cost-effectiveness terms. ... These methods include the following elements: detailed identification of the interrelated factors in a complex system of action; precise time phasing of related activities, and control of operations through the use of modern high speed communication and reporting instruments." Heavy use was made of cost-benefit analysis, quantitative analysis for decision-making, CPM-PERT scheduling and control techniques and management information systems. AID's PBAR process described a detailed system of procedures and reporting for its entire project cycle, concentrating on the stages from project identification to approval and on logistics of implementation--especially budgeting, contracting and procurement--and evaluation. The PBAR process, depicted in Table 1, was expected to integrate and unify the systems used for grant and loan projects, resulting in improved project design and development; integrate AID's project planning and budgeting procedures, thereby reducing the growing divergence between the Agency's Congressional Presentations and the programs for which it

TABLE 1

# INTERACTION OF MAJOR AGENCY PROCESSES



requested appropriations; and allow the Agency to make more systematic and coordinated decisions about the selection of projects.

USAID Missions would be required to submit a brief Project Identification Document (PID) for each project proposal. The PID would describe how the project relates to the Mission's overall development program for the country and the country's national and sectoral development plans; identify the primary beneficiaries of the project; provide preliminary information on the activities of other donors in the sector for which the project was being proposed; describe more detailed analyses and studies that would have to be done to develop the proposal; and provide a rough estimate of total cost and time period for implementation, along with estimates of the amount of inputs that could be expected from the host country government and other donors.

The PIDs would be reviewed by relevant technical and regional bureaus within the Agency and by AID's budget office. Those PIDs that were approved, could be developed by the USAID Missions into Project Review Papers (PRPs). The project review papers would expand on and develop the information provided in the PIDs and provide sufficiently detailed financial information and time schedules that AID officials could decide whether or not to include the proposed project in the requested appropriations for the next fiscal year.

Those projects for which PRPs were approved could be further

developed into full-scale proposals, or Project Papers (PPs). The project papers would provide a definitive description, design and appraisal of the project and describe plans for project implementation and evaluation.

The Project Papers would have to provide detailed information on the amounts of loans or grants needed from AID, total program or project costs and resources that would be provided by the sponsoring or implementing agencies within the developing country. The PPs would also include a detailed justification for the project and the preparation of a "log-frame" design.

The "log-frame," or Logical Framework, was a device designed for AID by a management consulting firm, Practical Concepts Incorporated (PCI), to formulate projects in a consistent, comprehensive and "rational" way. It required USAID Missions to describe the projects by their goals, purposes, outputs and inputs, providing for each "objectively verifiable indicators" by which progress could be measured and evaluated. In addition, the project designers would have to describe the important assumptions they were making about each aspect of the project that might affect implementation. All of this information would be summarized in a matrix format (see Table 2) that would allow reviewers and evaluators to assess the "logical framework" of each project. The log-frame would require USAID Missions to design each project comprehensively and in detail prior to final approval of funds.

In addition, the Project Papers had to contain an analysis of the

Table 2

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project:  
From FY \_\_\_\_\_ to FY \_\_\_\_\_  
Total U.S. Funding: \_\_\_\_\_  
Date Prepared: \_\_\_\_\_

Project Title & Number: \_\_\_\_\_

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes: (A-1)	Measures of Goal Achievement: (A-2)	A-3	Assumptions for achieving goal targets: (A-4)
Project Purpose: (B-1)	Conditions that will indicate purpose has been achieved: End-of-Project status: (B-2)	B-3	Assumptions for achieving purpose: (B-4)
Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	C-3	Assumptions for achieving outputs: (C-4)
Project Inputs: (D-1)	Implementation Target (Type and Quantity): (D-2)	(D-3)	Assumptions for providing inputs: (D-4)

project's background--the history and development of the proposal, a description of how the proposed project related to other projects being implemented by the Mission and host country government policies and programs in the sector, and a summary of the findings of studies done of the problem that the project would attempt to solve. The part of the project paper that was considered most critical to Agency officials was the project analysis-- economic analysis of the effects of the project on intended beneficiaries, on other groups and on the national economy; technical feasibility analysis of the project design; "social soundness" analysis of the project's impact on the socio-cultural traditions and values of the groups that would be affected by it; and analysis of host country government policies (tax system, credit rates, pricing and regulatory structures) that might affect the success of the project. In addition, the analyses would include an assessment of the financial ability of the government to implement the project successfully and cost-benefit or internal rate of return analyses of the project itself. Finally, the Project Paper was to include an administrative assessment of the ability of the implementing institutions to carry out the tasks described in the prospectus.

Moreover, the PP was to include a detailed implementation plan-- providing a programming schedule for all tasks and activities, "milestone" indicators of progress, a schedule for disbursement of AID funds and procurement of needed inputs, and a plan for monitoring, reporting and evaluation.

In those areas where the USAID Mission thought there were

weaknesses in the host country government's capacity to carry out the project, or where policies might adversely affect the successful completion of it, the staff could recommend conditions and covenants prescribing changes that the government would have to make before receiving an AID loan or grant.

Guidelines, procedures, required forms, and controls for each stage of the PBAR cycle were included in a detailed set of Manual Orders and in AID's Project Assistance Handbook.

#### The "Key Problems" Focus of Management Assistance

Also in response to criticisms of foreign assistance and in reaction to the growing dissatisfaction among AID's own administrative experts, the Office of Development Administration undertook a broad survey of the Agency's experience during the 1950 and 1960s to identify the "key problems of development administration" that it should address during the 1970s. The report (Kotzen et al., 1970: 1) noted that "two decades of assistance to developing nations have provided significant improvements in their administrative systems. Yet deficiencies in managerial capacity are greater than ever. It has become increasingly apparent that national development programs, whether in family planning, education, or business, too often fall short of expectations, for reasons of managerial weakness."

The report suggested that AID redirect its development administration activities to provide a strategic orientation that would focus on pragmatic problems of administration. Assistance

would be aimed at decision-makers in key development programs--and not just at administrative specialists--in order to promote increased capacity for change and development rather than simply for economy and efficiency. It would also attempt to promote more effectively the distribution of appropriate technology for public purposes; develop institutions that were "closer to the people", i.e., those that facilitate devolution of decision-making and control of administration from the center; and, harness and disseminate appropriate management and related behavioral technologies. In addition, it would seek to strengthen the government's ability to cooperate more closely with private organizations.

The report noted a number of serious administrative problems in developing countries that AID would have to address. One of the most serious was the shortage of qualified managerial personnel to cope with the demands of growth and modernization. The Office of Development Administration's survey led its staff to conclude that the content of overseas public administration and management training programs were inappropriate and obsolete. In addition there were "few programs for senior executives, lack of managerial (as opposed to professional and technical) training, and lack of continuous staff training in management that blends formal and informal education." These problems were aggravated by the shortage of adequate numbers of trained teachers and trainers and the lack of appropriate research and teaching materials. In addition, most developing countries lacked institutional capacity

for management education and training, especially in the form of professional schools and "intermediate training institutions."

Another serious problem identified by AID's survey was the need for improvement in "the relevance, effectiveness, and performance of key development institutions" (Koteen et al., 1970: 24). These were manifested the reluctance of government institutions in developing countries to promote and sustain change; their slow adaptation to change; the lack of cooperation among them; and inadequate awareness and application of institution-building methods.

Moreover, a crucial problem for AID was the inability of governments in developing countries to conceive and manage projects soundly. This weakness was due to lack of high-level administrative and political support for many projects, the failure to enact appropriate supporting policies, and the inability to use modern management techniques to design and implement development programs.

The staff of the Office of Development Administration saw an urgent need for the creation of an institutionalized project management process in developing countries that linked planning, budgeting and financial activities and that promoted cooperation among the technical offices that were responsible for project implementation. They saw a need to go beyond the economic and financial techniques that had been used most frequently to design and appraise income-producing projects during the Point Four era,

and to include in the project planning framework new organizational and managerial techniques, manpower planning methods, behavioral analyses and problem-solving procedures that were more appropriate in the social development projects that AID was now funding. Moreover, AID and other international agencies had in the past concentrated almost entirely on assisting developing countries with project preparation and appraisal, but a growing need in many developing countries was for assistance with project implementation.

Finally, a most serious development problem was the inadequacy of local government and the field services of central ministries to deliver services and new technology to the people. In most developing countries, AID's survey found, the strengthening of local government had low priority and national institutions had little capacity to develop local governments. Local administrative units lacked both the financial resources to provide services and the managerial capacity to maintain and expand existing ones. The survey found little evidence of cooperation between local and national governments in promoting development, of effective planning or managerial capacity at the regional level or of popular participation in development activities.

The "Key Problems in Development Administration" report provided the guiding principles for AID's development management assistance during the first half of the 1970s. Priorities included: 1) improving sector-oriented management capability in developing countries through technical aid and training; 2) improving the

concepts and methods of project management within a systematic framework by developing appropriate training materials and programs; 3) assessing and improving the capacity of local and national governments to deliver services to people in developing countries; 4) finding ways of promoting popular participation in project and program implementation, especially for those groups that AID came to define as the primary targets for its assistance.

### The Sectoral Systems Management Approach

Thus, in the early 1970s, AID's Office of Development Administration began to concentrate its resources on improving management in "key development sectors." The Agency had begun to focus U.S. foreign assistance on four high priority fields: agriculture and food production, nutrition and health, population and family planning, and education and human resource development. The new sector orientation, as officials of the Office of Development Administration (USAID, 1973: 3) pointed out, "represents a major shift away from attempts to improve public bureaucracy in general with better staff services, organization and administrative technique. It features a sharper, more limited and actionable focus on the management requirements of substantive programs to solve specific development problems."

The new approach would be concerned with broader administrative problems only to the extent that they presented direct obstacles to improving sectoral management. AID's technical and financial assistance would focus on: 1) using simplified systems approaches

and behavioral analyses for improving the design, creation or control of systems of action; 2) lowering the cost of delivering appropriate technology and supporting services in the agricultural and health sectors; 3) helping "clienteles groups" to mobilize their own resources and use external resources to obtain needed services; 4) promoting collaboration between public and private institutions in achieving sectoral development goals; and, 5) improving the management of AID's own sector and project loans.

The "key problems" on which AID would focus its assistance were to be selected by the following criteria: those that were considered to be the most significant by governments in developing countries; those that were the most widespread among low income countries; those that could be improved by assistance from external donors; those most relevant to AID's own policy objectives; and those considered relevant by a large number of USAID Missions .

The Office of Development Administration's efforts during the early 1970s concentrated on improving agricultural sector management, improving health services delivery management and improving sectorally-oriented project planning and implementation.

The agricultural management improvement projects were designed to help overcome what the AID staff perceived to be low levels of ability in less developed countries and "to provide the necessary kinds and amounts of essential inputs within the required time and at reasonable costs and risks." Thus, AID contracted with the Harvard Business School to design and test the management of a

"seeds-to-consumer" commodity system for selected agricultural products. Harvard would help design the system, develop training materials and curricula and provide consulting and training services. The field studies and training was to be done primarily in Guatemala, Honduras, Nicaragua, and El Salvador in collaboration with the Central American Institute of Business Administration (INCAE).

A second project attempted to help developing countries implement agricultural plans and programs more effectively. Underlying the project was an assumption that in most countries agricultural development plans were too vague and abstract to be realistic or operational. A contract was signed with the Government Affairs Institute (GAI) in Washington to develop a conceptual framework and a process for "reducing the implementation deficiencies in agricultural development plans through designing such plans 'from the bottom up' ... through district, regional and national levels" (USAID, 1973: 11).

Underlying the project was a set of assumptions about the nature of the problem and the reasons why agricultural development plans were not effectively implemented (Waterston, 1973). First, it had been observed that in many developing countries agricultural development plans were inappropriate or unrealistic because capable planners were in short supply. Second, the lack of well trained managers also accounted for the fact that plans, even if they had been realistic, could not be effectively implemented. Third, even when the plans were sound, they rarely indicated how they should be

carried out, by whom, and when action was needed. Fourth, the plans were often not implemented because of inadequate communications and interaction among planners, technical ministries, local governments and farmers. Finally, the gap between plan and performance was attributed to the lack of suitable administrative systems and organizational structures for managing complex agricultural and multi-sectoral rural development programs.

GAI would address these problems through five sets of activities (Waterston, 1973) It would assemble basic information about how to improve the formulation, implementation and management of plans, programs and projects for agricultural and rural development; it would design a course of instruction to transfer the information to agricultural development managers in developing countries; and it would conduct seminars for trainers in selected institutions in developing countries. In addition GAI would provide consultancy services in creating, conducting and following up on the training courses and disseminate the lessons of experience gained in carrying out the project to training institutes in developing countries.

GAI produced a comprehensive manual on agricultural management, Managing Planned Agricultural Development, which provided detailed information on linking agricultural and overall development planning; methods of preparing agricultural development plans; and potential objectives for an agricultural development program (Waterston, Weiss and Wilson, 1976). It offered instruction on "stocktaking and diagnostic surveys," on setting targets and

allocating resources, on selecting agricultural strategies and on choosing policy instruments. Moreover, it discussed methods of financing agricultural plans, designing and organizing development projects, providing extension, research, education, training and consultancy services. Finally, it covered methods of control, monitoring, evaluation.

The manual was a detailed reference book for those engaged in agricultural development project and program management and a text that could be used in the training courses designed by GAI. Waterston and his associates prescribed new approaches to applied research and training. The research and training method was based on four principles. It prescribed an inductive rather than a deductive method of developing theory--that is, it drew together the lessons of experience in developing nations and then formulated theories to explain them. It compared theory and practice "to see what light practice throws on theory." It advocated learning from success--that is, it drew lessons primarily from projects and programs that seem to have worked well rather than from those that failed. Finally, it sought to explain how to achieve more successful projects, not merely to identify what must be done.

The training courses that emerged and that were tested initially in Washington, Nepal and Egypt, and later in Ghana, Indonesia and Jamaica, used a task-oriented approach in which participants were asked to perform various tasks outlined in the manual--with the help or coaching of the trainers-- rather than a lecture or formal

teaching approach. A crucial element of the training program was the "Coverdale Method" developed in England by the Coverdale management consulting group. The skill-building process involved: 1) setting group objectives; 2) using a systematic way of getting things done; 3) improving observation; 4) recognizing strengths and skills of those involved in joint activities; 5) planning cooperation for mutual benefit; 6) learning to listen actively; and, 7) recognizing how to apply management authority effectively.

Thus the training courses were designed not only to familiarize the participants with substantive knowledge about agricultural development planning, but also to teach them--through simulated experience--about general managerial and organizational processes. In retrospect the GAI trainers (Waterston, Weiss and Wilson, 1976; Annex G-6) found that:

While the task approach proved to be very successful for teaching purposes, what participants learned largely depended on how they viewed the opportunities presented by the tasks. At one extreme, a group would deal with a task as though it related to problems which might be encountered in the country of the group's participants. At the other extreme, another group used the same task to describe and justify the way its country dealt with problems raised in the task, without going beyond this to suggest improvements in the way problems were actually handled. One indication of the efficacy of the task as a learning device was the incidence of participant activity. There was an unusually low absence rate from PTC sessions. Failure to participate was rare.

Evaluations by participants indicated that the training did not provide them with the amount of management theory that they had anticipated, limited the issues dealt with during the course to those raised by the groups, was sometimes initially disorienting

and discouraging, by-passed large organizational issues and specialized procedures, and did not provide the amount of technical training they expected. Others noted, however, that the Coverdale training techniques allowed them to learn by doing, develop team-building and team-managing skills, experiment with different personal and team roles, and develop skills through repeated practice that could be applied to their work back at home.

Another set of projects initiated by the Office of Development Administration addressed the problems of improving the implementation of health plans and programs. An analysis was to be done of the factors contributing to what AID considered to be the inadequate execution of plans and possible remedies. The analysis was to be followed by a series of workshops with appropriate regional institutions, the preparation of case studies to determine the causes of poor implementation, and the development of methods for assessing the managerial capacity of health agencies. Due to delays in obtaining funding and in organizing the project, however, it did not get underway until the mid-1970s and was not completed until 1980.

#### Sector-Oriented Project Management Systems

Finally, the Office of Development Administration began to address the question of how to improve project planning and management capacity for specific sectors. In 1973, AID contracted with The Graduate School of Management at Vanderbilt University to develop training materials on project management for developing

countries. The training materials were to focus on implementation within the framework of a generic "project cycle," that is, the actions required from the initial stages of identifying potential projects for funding by AID or by national governments through their design, appraisal, approval, organization, management, completion and evaluation. The Vanderbilt contract yielded seven sets of training materials on various aspects of the project cycle: project organization and organizing; planning processes for project management; managing the project environment; problem solving; management information systems; control and evaluation processes for project management; and, choice and adaptation of technology in development projects.

Some research was also done on the differences in the project cycles of various international assistance organizations and on the problems encountered by aid agencies and developing country governments in planning and managing various phases of the cycle. Rondinelli and Radosevich (1974) derived from the management practices of AID, the World Bank, and the United Nations Development Program (UNDP) a generic project cycle through which nearly all proposals for international funding had to proceed. Rondinelli (1976, 1976a, 1977) found that when the formal requirements of each international funding institution were combined, they created a formidable set of planning and management requirements (see Table 3) for developing countries that were seeking assistance from AID and other international agencies.

Moreover, the research indicated that serious managerial problems

TABLE 3

COMPOSITE PROJECT PLANNING AND MANAGEMENT REQUIREMENTS OF  
INTERNATIONAL AID AGENCIES

<i>Stage of cycle</i>	<i>Major planning and operating functions</i>	
PROJECT IDENTIFICATION AND DEFINITION	<ul style="list-style-type: none"> <li>- Perform macro-analysis: global and country programming; national, sectoral and regional planning, policy analysis and programming, forecasting and environmental analysis</li> <li>- Perform micro-analysis: gap or needs analyses input-output deficiencies, organizational and administrative capability analysis</li> <li>- Set immediate and long-range objectives</li> <li>- Set preliminary development targets within subsets of programs or sectors</li> <li>- Establish need or justification for project</li> <li>- Define linkages of project with development plans</li> </ul>	<ul style="list-style-type: none"> <li>Determine potential "external effects" of proposed project</li> <li>- Identify beneficiary groups or target areas</li> <li>- Estimate "order of magnitude" cost</li> <li>- Estimate other resource commitments</li> <li>- Seek initial political and administrative support</li> <li>- Circulate "idea stage" proposal to technical and operating ministries for review and critique</li> </ul>
PROJECT FORMULATION, PREPARATION AND FEASIBILITY ANALYSIS	<ul style="list-style-type: none"> <li>- Refine project objectives and targets</li> <li>- Define potential components or elements</li> <li>- Evaluate and rank alternative potential design configurations</li> <li>- Determine appropriate project size and location</li> <li>- Refine project justification analysis</li> <li>- Provide detailed cost estimates and estimate potential benefits</li> <li>- Prepare financing plan</li> <li>- Secure preliminary government review and approval</li> <li>- Obtain preliminary review by possible funding agencies</li> </ul>	<ul style="list-style-type: none"> <li>Analyze preconditions for successful implementation</li> <li>- Perform site and location studies</li> <li>- Perform technical, commercial, financial, and economic pre-feasibility evaluations</li> <li>- Obtain market and demand studies</li> <li>- Calculate preliminary least-cost or cost-benefit estimates</li> <li>- Prepare formal project prospectus</li> <li>- Obtain formal feasibility study</li> <li>- Begin data collection for appraisal</li> <li>- Secure initial commitments of counterpart funding</li> </ul>
PROJECT DESIGN	<ul style="list-style-type: none"> <li>- Determine major local conditions, needs, and constraints affecting project design</li> <li>- Determine social change variables influencing output diffusion, adaptation, and use</li> <li>- Identify specific activities, functions, and tasks</li> <li>- Delineate in detail proposed components and elements</li> <li>- Prepare blueprints and specifications for equipment and facilities</li> <li>- Prepare initial operating plan and work schedule</li> <li>- Prepare life-of-project budget</li> <li>- Survey linkages of project with related projects in sector</li> <li>- Prepare detailed job descriptions and terms of reference for project personnel</li> <li>- Estimate technological requirements and establish plan for technology acquisition and adaptation</li> </ul>	<ul style="list-style-type: none"> <li>- Establish preliminary resource plans and input schedule</li> <li>- Prepare preliminary output production and delivery schedule</li> <li>- Determine staff needs, skill, and knowledge requirements, and availability of appropriate personnel</li> <li>- Analyze alternative organizational arrangements for implementation</li> <li>- Identify baseline data required for appraisal, monitoring, control, evaluation, and follow-up</li> <li>- Identify and include in planning activities potential project manager</li> <li>- Select personnel for long-term foreign or domestic training</li> <li>- Establish contingency plans for resource acquisition</li> <li>- Prepare formal implementation plan</li> </ul>

TABLE 3 (cont.)

PROJECT APPRAISAL	<ul style="list-style-type: none"> <li>- Establish appraisal and selection criteria</li> <li>- Assess justification and support data</li> <li>- Determine absorptive capacity of country to utilize project outputs</li> <li>- Review and evaluate socio-political, organizational, technical, and economic benefits</li> <li>- Calculate rates of return</li> <li>- Analyze cost estimates</li> <li>- Assess spatial and environmental impact analyses</li> </ul>	<ul style="list-style-type: none"> <li>- Analyze institutional, organizational, and managerial capabilities of proposed implementation unit</li> <li>- Perform on-site inspection</li> <li>- Determine credit-worthiness of project sponsor</li> <li>- Confirm administrative and technical feasibility of project design</li> <li>- Review and evaluate market analyses</li> <li>- Analyze relationship between components and objectives</li> <li>- Prepare issues paper for negotiation, reformation, or redesign</li> <li>- Secure government approval of loan guarantees</li> </ul>
PROJECT SELECTION, NEGOTIATION, AND APPROVAL	<ul style="list-style-type: none"> <li>Select among competing appraised projects</li> <li>Review appraisal report, proposed conditions and recommended design changes</li> <li>Select and prepare negotiating team</li> <li>Prepare negotiation position, agree on acceptable conditions</li> <li>Negotiate loans and grants with funding or assistance agencies</li> </ul>	<ul style="list-style-type: none"> <li>Obtain formal government approval of loan agreements, funding authorizations and counterpart financial commitments</li> <li>Prepare loan documents</li> <li>Prepare formal implementation or operations plan</li> <li>Secure legislative, administrative, legal, and other requirements necessary to meet conditions for loan effectiveness</li> </ul>
PROJECT ACTIVATION AND ORGANIZATION	<ul style="list-style-type: none"> <li>- Adapt or redesign project components to conform to negotiated agreements</li> <li>- Establish project implementation unit</li> <li>- Recruit, select, and approve project managers and staff</li> <li>- Obtain clearance for consultants, technical assistance personnel and expatriate staff</li> <li>- Train indigenous personnel</li> <li>- Establish work plan, budget, and communications systems</li> <li>- Initiate procurement of facilities, supplies, materials, and equipment</li> <li>- Establish contingency plans for potential implementation problems</li> <li>- Designate internal authority, decision-making and communications channels</li> </ul>	<ul style="list-style-type: none"> <li>- Establish monitoring and reporting procedures</li> <li>- Design promotion and distribution systems</li> <li>- Build environmental linkages with supporting and beneficiary groups</li> <li>- Establish data collection, analysis, and internal research procedures</li> <li>- Request bids for project work</li> <li>- Establish personnel management and staff development programs</li> <li>- Tender contracts for services and construction</li> <li>- Clear import licensing and customs procedures for foreign inputs</li> <li>- Obtain legal, political, financial, and other forms of external authority needed to perform project tasks</li> <li>- Formulate plans for evaluation, follow-up, and spinoff investment</li> </ul>
PROJECT IMPLEMENTATION AND OPERATION	<ul style="list-style-type: none"> <li>- Activate plan of operations approved in appraisal documents</li> <li>- Procure resources, raw materials, and inputs</li> <li>- Adjust production and distribution procedures following initial operating tests</li> <li>- Redesign project specifications as problems arise</li> <li>- Adjust project operations to ameliorate negative spillover effects</li> <li>- Establish disbursement and payment procedures for contractors, suppliers, and staff</li> <li>- Establish draw-down procedures for aid funds and budget authorizations</li> <li>- Test and adapt transferred technologies</li> </ul>	<ul style="list-style-type: none"> <li>- Establish problem-solving and troubleshooting procedures</li> <li>- Create public information programs for constituents and beneficiaries</li> <li>- Create inventory and supply systems</li> <li>- Coordinate work of contractors and technical assistance personnel</li> <li>- Establish facilities and equipment maintenance program</li> <li>- Reallocate resources to behind-schedule activities</li> </ul>

**Best Available Document**

TABLE 3 (cont.)

<p>PROJECT COMPLETION OR TERMINATION AND OUTPUT DIFFUSION</p>	<ul style="list-style-type: none"> <li>- Begin scale-down activities and transfer of assets and resources</li> <li>- Plan for transition of successful experimental, pilot, or demonstration projects to full-scale operation</li> <li>- Establish procedures for post-completion loan and credit repayment</li> <li>- Prepare post-evaluation data, records, and reports</li> <li>- Establish extension services for beneficiaries and users</li> <li>- Prepare for maintenance of project output diffusion and adaptation activities</li> </ul>	<ul style="list-style-type: none"> <li>- Train project personnel for reassignment or new duties</li> <li>- Activate implementation-unit dismantling or reorganization plans</li> <li>- Initiate loan or grant closeout procedures</li> <li>- Prepare project completion reports</li> <li>- Promote successful project results</li> <li>- Provide trouble-shooting support for operating ministries</li> <li>- Assist in the adaptation of successful technologies to other development activities</li> </ul>
<p>PROJECT EVALUATION AND FOLLOW-UP ANALYSIS</p>	<ul style="list-style-type: none"> <li>- Engage external evaluators</li> <li>- Perform on-site audits</li> <li>- Obtain feedback from project output users and beneficiaries</li> <li>- Perform internal assessment of strengths and deficiencies</li> <li>- Prepare, submit, and review evaluation reports</li> </ul>	<ul style="list-style-type: none"> <li>- Identify components suitable for replication</li> <li>- Prepare proposals for follow-up investment</li> <li>- Identify linkage or "spillover" projects</li> <li>- Seek potential investors or funding sources for follow-up projects</li> <li>- Prepare prospectus for follow-up projects</li> </ul>

Source: Dennis A. Rondinelli, "International Assistance Policy and Development Project Administration: The Impact of Imperious Rationality," International Organization, Vol. 30, No. 4 (1976).

arose for both developing countries and the aid agencies in trying to meet these project planning and implementation requirements. Rondinelli (1976b) discovered common and frequently recurring deficiencies reported in the evaluations of AID and other international agencies. (See Table 4).

Given the complexity of the project management cycles used by international funding institutions, Solomon (1974) pointed out the need to develop administrative capacity within developing countries to manage projects as an integrated system of activities. The project cycle was considered to be an important framework for effective management because the various elements were inextricably related. "A defect in any of the phases of the project can make the project unsuccessful," Solomon (1974: 2) noted. "Thus, decision-makers have to be interested in all aspects of the project cycle." Moreover, elements of the cycle had to be carefully coordinated because of the large number of people and organizations engaged in decisions affecting the project. "One person or group may conceive the idea, perhaps in a sector study, another may investigate it and give it a rough formulation, a third may give it a more detailed study, a fourth may approve it, a fifth may give it more detailed form," he noted, "and finally, another group or person may take responsibility for carrying out the plans."

Moreover, there came from the research undertaken by the Vanderbilt team a strong consensus that project planning and implementation must be more closely integrated. Examination of the activities at various stages of the project cycle indicated that

TABLE 4:  
FREQUENT AND RECURRING DEFICIENCIES IN PROJECT PLANNING AND  
MANAGEMENT

**Ineffective project planning and preparation**

- a. Inappropriate or ineffective identification and preparation procedures within national planning agencies and operating ministries
- b. Adverse distortion of development patterns through imposition of funding agency priorities on recipient governments
- c. Inability of national governments to commit available resources to feasible projects due to antiquated or inadequate capital planning and budgeting systems
- d. Inadequate exchange between organizations setting project investment goals and those responsible for establishing overall development policies
- e. Inadequate analysis of the absorptive capacity of developing countries to finance, execute and operate specific types of projects in each sector
- f. Inaccurate assessment of the market or needs for project outputs leading to poor distribution of investment resources and overinvestment in specific types of projects
- g. Insufficient preparatory analysis, sectoral assessment, feasibility studies and technical appraisal to provide required information for subsequent design

**Faulty appraisal and selection processes**

- a. Objectives and expected outputs of projects not clearly defined
- b. Overemphasis on financial targets in project appraisal and selection: projects selected on the basis of total amounts available for investment rather than on the productive outputs of the project proposals
- c. Overemphasis on economic and technical criteria in project appraisal and selection: neglect of administrative, social, cultural and environmental impacts
- d. Promotion of "pet projects" by individuals, groups and government agencies within developing nations and by funding units within international assistance agencies
- e. Long lag periods in the processing and approval of projects by international funding agencies
- f. Perpetuation of previously initiated projects through follow-on and piggy-back funding: inadequate assessment of requests for continuation or second-phase funding
- g. Difficulty of estimating true costs of capital in the appraisal of individual projects or in comparing sets of alternative projects

TABLE 4 (cont.)

**Defective project design**

- a. Project design inappropriate to local conditions, needs and capacities
  - b. Underestimation of resource needs, amortization obligations, insufficient allowance for resource demands of other on-going projects, leading to heavy additional unplanned borrowing
  - c. Inadequate or inappropriate specifications, poor siting, use of defective or improper materials causing inferior construction of capital facilities
  - d. Insufficiently detailed designs creating the need for frequent design changes in subsequent stages of project planning and to unplanned additions to or expansions of the project
  - e. Failure to integrate capital construction and physical infrastructure projects into larger and related systems or networks
  - f. Lack of contingency planning to meet emergencies or unanticipated delays
  - g. Failure to select adequate baseline data and developmental indicators during design to allow monitoring, control and post-evaluation
  - h. Failure to plan for policy changes necessary for adequate project support, such as tax incentives, land reforms, and subsidies or other benefits to encourage related private investment
  - i. Lack of interaction between project planners and ultimate users, clients and beneficiaries during design
- Failure to account adequately in financial plans for inflation, price increases, and rises in salary levels affecting overall cost of the project

**Problems in start-up and activation**

- a. Delays in granting necessary national and international approval for project activation; procedural and bureaucratic delays within assistance agencies and national governments
- b. Corruption, inter-ministerial rivalries, and lack of cooperation in allocating and disbursing resources required for project activation
- c. Difficulty in obtaining local resources during construction of the project leading to delay and cost-overruns
- d. Failure to define the relationship of the project organization to broader institutional and administrative structures
- e. Insufficient analysis and comparison of alternative methods available for attaining project objectives during start-up and organizational phases
- f. Inadequate organizational planning leading to creation of inappropriate or ineffective project implementation unit
- g. International assistance agency field capacity too low to provide technical assistance during project activation
- h. Failure to redesign the project upon discovery of unanticipated obstacles during organization and operation

TABLE 4 (cont.)

**Inadequate project execution, operation and supervision**

- a. Cost over-runs due to delays in project construction, completion and implementation
- b. Failure to maintain adequate information flows to indicate achievement of detailed performance targets
- c. Lack of continuity, supervision and problem-solving assistance from international funding agencies
- d. Insufficient capacity or incompetence of local contractors
- e. Lack of adequately trained and competent project managers
- f. Excessive fragmentation of responsibility for implementation among government organizations and agencies.
- g. Inadequate resource and work scheduling systems
- h. Inadequate equipment specifications
- i. Delays in delivery and inability to procure required resources, materials and supplies
- j. Outdated accounting procedures, ineffective methods of budgeting
- k. High turnover in personnel, poor personnel training, inadequate salary structures
- l. Conflict among project staff or between project administrators and professional staff
- m. Overly complex or ineffective bidding and contracting procedures
- n. Over extension of national government organizational and financial resources in project execution
- o. Inability to attract foreign consultants and contractors to supplement local consultant and contractor capability
- p. Failure to develop indigenous management skill by using projects as training operations; excessive use of expatriates in project planning and operation; failure to develop counterpart administrators

TABLE 4 (cont.)

**Inadequate or ineffective external coordination of project activities**

- a. Insufficient supporting facilities, infrastructure and services
- b. Insufficient coordination among organizations operating projects and programs in related development sectors
- c. Poor coordination of internal project funding with external aid instruments
- d. Completion of projects sponsored by one ministry prior to completion of projects sponsored by another ministry which supplies the needed raw materials for other projects
- e. Failure of one government agency to train personnel needed for completion and operation of projects undertaken by another government agency
- f. Delays in receiving disbursement from donor agencies
- g. Political interference in construction or internal operation of project
- h. Insufficient use of foreign technology; excessive investment in local technology as opposed to technology transfer and adaptation.

**Deficiencies in diffusion and evaluation of project results and follow-up action**

- a. Project outputs and benefits restricted to a narrower group of recipients than intended by project design; demonstration and spread effects of projects limited except where special efforts are made to amplify them
- b. Inadequate or inappropriate utilization of complete projects
- c. Faulty supervision and control on the part of international lending agencies
- d. Poor internal reporting and monitoring procedures
- e. Inadequate monitoring and control by central government ministries responsible for project implementation
- f. Failure to adapt appropriate project outputs and techniques to other developmental activities
- g. Failure to train and retain personnel following project completion and the transfer of project operations to routine production activities
- h. Failure to anticipate, plan for or adjust to the political and social impact of projects on local populations
- i. Long delays in submitting project completion reports
- j. Failure to terminate projects at appropriate time or to transfer project activities to established governmental organizations
- k. Inadequate or ineffective project post-evaluation methods and procedures

Source: Dennis A. Rondinelli, "Why Development Projects Fail: Problems of Project Management in Developing Countries," Project Management Quarterly, Vol. 7, No. 1 (1976).

those who designed the projects often did so without an understanding or appreciation of the managerial implications, and that those who were ultimately responsible for managing the project often had not been involved in its design. Solomon (1974: 3) argued that "training for project management thus must cover the whole project cycle, even though for any given group, concentration on a particular phase may be justified."

Unfortunately, however, the Vanderbilt group's research on project management in the aid agencies and developing countries-- which would have allowed its team to adapt the training materials to LDC needs and conditions--remained separate from the development of the "learning packages." As a result, the training packages included almost entirely material on project management procedures used in the United States by private corporations and by the defense industry that had little to do with the problems of project management in developing countries (USAID, 1975).

In a sense, the project management learning packages developed by the Vanderbilt project simply reflected the application of what Esman and Montgomery had earlier referred to as the "Point Four approach" of transferring American business management methods and techniques to developing countries. AID's evaluations noted that the training materials did make conceptual advances in delineating the elements of the project cycle that were used by international aid agencies and the ways in which various parts of the cycle related to each other. They emphasized the differences in management problems among developing countries, project organizers,

beneficiaries and lending institutions. They highlighted the need for multidisciplinary analysis of projects, and introduced new skills for project management, including creative problem solving, environmental assessment and technology evaluation. But, when they were completed, they had limited direct applicability in developing nations.

Among the weaknesses of the training packages were that they simply were not practical for building the skills of managers in less developed countries because they were too theoretical. They drew primarily on American corporate experience; there was little emphasis on the economic and financial aspects of project feasibility; and the approach to project management was too general and did not relate to the problems and opportunities in specific sectors. As a result, they could only be used as general resource materials that would require a great deal of revision for training programs in developing countries (USAID, 1975: 31-32).

The Vanderbilt contract, however, did lead to a stream of research carried on by individual faculty members following the completion of the AID-sponsored project that, ironically, came to question many of the assumptions underlying AID's approach to project management and even the usefulness of many of the techniques described in the training materials. Rondinelli (1976a: 314) for example, argued that the formal design and analysis requirements reflected in the project cycles of international agencies--including AID's PBAR system-- had become so complex that their application "is beyond the administrative capabilities of

most developing nations, thus intensifying their dependence on foreign experts and consultants for project planning. Foreign standards and procedures are imposed on governments, often without sensitivity to local needs and constraints."

In a series of articles and books evolving from the research begun on the Vanderbilt project, Rondinelli (1976, 1977, 1979, 1983) argued that the project cycles, although they provided reasonable iterative models for planning and analyzing the actions that had to be taken in order for projects to be implemented successfully, had become too rigid, inflexible and complex to be managed by governments in developing countries. He called for the formulation of more simple, relevant and flexible procedures that could be used indigenously with the limited administrative capacity available in developing nations.

As a result of the research done on the Vanderbilt project, Rondinelli (1974, 1976, 1979) called for an approach to project design and implementation that would allow the Agency to learn while doing, a concept that would be later be re-emphasized heavily in AID-sponsored research on development management. He suggested that AID projects be designed and implemented in such a way that planners and managers could learn more effectively about the conditions, needs, obstacles and opportunities in the places where projects were to be carried out by proceeding incrementally through a series of smaller-scale activities. Where knowledge was weak and uncertainty was high, projects could be initially designed as small-scale experimental activities; when better information was

available and innovative approaches to solving problems were devised, the projects could proceed to a pilot stage in which they were tried under a wider variety of conditions. When pilot projects were proven successful, the results could be further tested and disseminated through demonstration projects. When the value and validity of the demonstrations were shown, AID could then proceed to the stage of replication or full-scale production and implementation. This incremental learning process for project planning and management would obviate the need to design projects comprehensively at the outset and would overcome many of the problems inherent in the complex and rigid management procedures that AID and other international assistance agencies had adopted.

To follow on from the work done by Vanderbilt and GAI, the Office of Development Administration, in 1975, initiated a set of technical assistance activities aimed at improving project management by building the capacity of four regional and four national training centers to offer project management training, consulting, "action research," and technical cooperation. The funds would be used to help regional centers to adapt project management training materials developed by Vanderbilt and GAI to local needs and to test them under local conditions. Grants were also used to adapt the materials to particular sectors, such as health and agriculture. Among the regional centers that received grants were the InterAmerican Institute for Development (EIAP), the Pan-African Institute for Development (PAID), the InterAmerican Institute for Agricultural Sciences (IICA), and the Asian Institute

of Management (AIM). The grants were used to develop training programs that covered the entire project cycle as well as specific elements of project planning and management.

## CHAPTER FOUR

### THE "NEW DIRECTIONS" MANDATE AND DEVELOPMENT MANAGEMENT

By the mid-1970s, the Office of Development Administration's activities were being shaped by two significant events. First, and perhaps most important, was the dramatic change in AID's mandate from Congress. The increasing criticism of the economic growth theory that had been the basis of American foreign assistance policy since the Marshall Plan, the mounting evidence that poverty in developing nations was becoming more widespread and serious, and the growing realization that problems in developing countries differed drastically from those faced by industrialized countries during their periods of economic development, brought about a fundamental rethinking of development policy in the early 1970s that was clearly reflected in the Foreign Assistance Act of 1973. Congress instructed AID to give highest priority to activities in developing nations that "directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries."

In the Foreign Assistance Act of 1973, Congress had declared that the conditions under which American foreign aid had been provided in the past had changed and that in the future aid policy would have to reflect the "new realities." Although American aid had generally been successful in stimulating economic growth and

industrial output in many countries, the House Committee on Foreign Affairs (U.S. Code Congressional and Administrative News, 1973: 2811) lamented that the gains "have not been adequately or equitably distributed to the poor majority in those countries," and that massive social and economic problems prevented the large majority of people from breaking out of the "vicious cycle of poverty which plagues most developing countries."

The Act asserted that, henceforth, American aid would depend less on large-scale capital transfers for physical infrastructure and industrial expansion, as it had in the reconstruction of Europe during the Marshall Plan, and more on transferring technical expertise, modest financial assistance and agricultural and industrial goods to solve "critical development problems." It would focus on providing assistance in those sectors that most directly affected the lives of the majority of the poor in developing countries. Food production, rural development, nutrition, population planning, health, education, public administration and human resources development were designated as high priority sectors.

For the first time, AID's primary beneficiaries were clearly identified. Congress declared it the purpose of American foreign assistance to alleviate in the problems of the "poor majority" in developing nations. The new aid program would give less emphasis to maximizing national output and pursue what the House Foreign Affairs Committee called a "people-oriented problem solving form of assistance." In its report accompanying the Foreign Assistance Act

of 1973, the Foreign Affairs Committee argued that "we are learning that if the poorest majority can participate in development by having productive work and access to basic education, health care and adequate diets, then increased economic growth and social justice can go hand in hand."

In response to the "New Directions" mandate, aid focused its programs and projects primarily on rural areas, where studies had shown that the vast majority of the poorest groups in developing societies lived. It defined the primary "target groups" of American assistance to be subsistence farm families, small-scale commercial farmers, landless farm laborers, pastoralists, unemployed laborers in market towns, and small-scale nonfarm entrepreneurs. The AID program would help the rural poor to increase their productivity and income. It would extend access to services and facilities to rural families that had previously been excluded from participation in productive economic activities (USAID, 1975b).

#### The Local Action Approach

As a result of the "New Directions" mandate, AID's Office of Development Administration began, in 1973, to explore the factors affecting successful planning and implementation of projects that were aimed at helping small-scale farmers. A contract was signed with Development Alternatives Incorporated (DAI) to carry out the applied research project, the purpose of which was "to assist AID in understanding how more successfully to work with the rural poor"

and to conform more effectively with AID's new Congressional directives (Morton, 1979).

The study included field visits to 81 technical assistance projects in African and Latin American countries. The results, published in a two-volume report, Strategies for Small Farmer Development: An Empirical Study of Rural Development Projects (Morss, Hatch, Mickelwait and Sweet, 1975), indicated that of the 25 major factors that distinguished relatively successful from less successful rural development projects, two accounted for about 49 percent of the variation. These were: 1) the degree of involvement of small farmers themselves in the process of decision making during the implementation of the projects; and, 2) the degree to which farmers were required and willingly agreed to commit their own resources--labor and money-- to the implementation of the projects.

DAI analysts defined the combination of these two factors as local action, and argued that it was necessary, but not sufficient, for the success of rural development projects. They found, moreover, that three variables were positively associated with the level of local action: 1) the specificity of the agricultural information offered by extension services to smallholders; 2) the existence of effective local organizations; and 3) the creation of an effective two-way communications flow between the project staff and the farmers participating in the project.

While these conditions were essential for projects to have an

impact on small-scale farmers, others also had to be present. Either the project had to provide--or other institutions had to offer--an adequate technological package for agricultural improvements, timely delivery of needed agricultural inputs and effective extension services. In addition, there had to be favorable markets for agricultural produce and the means for farmers to get their goods to market. This combination of factors DAI's researchers found, constituted a set of conditions that would allow AID projects more successfully to meet the needs of poor farmers in developing countries. Indeed, their case studies indicated that projects were most relevant and elicited the greatest participation when they were designed and managed in such a way that (Morss et al., 1975: 95-96):

1. The geographical boundaries of the projects were well-defined and the client population was easily identifiable;
2. The project staff actively sought the participation of local leaders and farmers, or delegated to them control over decisions concerning project design and implementation;
3. Farmers were involved jointly with the project staff in testing technological packages and organizational arrangements to be used in the project;
4. Participants in subprojects were generally homogeneous in terms of social group and economic class;
5. The project staff developed an effective communications

process with and among local participants;

6. Organizational arrangements were created to give farmers a voice in decisions concerning project management;

7. High priority was placed on technical training of participants and many were used as paraprofessionals to teach others technical skills;

8. Involvement was related initially to single purpose activities, such as credit provision or crop promotion, and later broadened;

9. Systems of accountability were established to permit changes in leadership among local participants and to ensure that services were provided efficiently; and

10. Opportunities were offered initially for local organizations to participate in income-generating activities.

The studies concluded that when projects were designed in this way they would not only deliver services more effectively, but also build the capacity of farmers to help themselves and sustain the benefits after the projects were completed.

#### Toward A Process Approach to Project Management

More broadly, the study questioned the effectiveness of AID's project planning procedures--in which heavy emphasis was placed on detailed and thorough design of the project prior to committing funds and signing an agreement with the government. Referring to

AID's standardized and somewhat rigid project design procedures as a "blueprint" approach, they noted that the large gap between design and implementation which was referred to frequently in AID's own evaluation reports was due to the fact that effective rural development simply could not be designed in detail in advance and be standardized for all developing countries, or even for different areas of the same country. "Unfortunately, it is impossible to specify precisely what is needed, when it should be provided, and by whom without a detailed knowledge of local conditions," Moras and his associates argued (1975: 319).

Instead of attempting to design a project in detail at the outset, DAI analysts suggested, AID should use a process approach. "Our study suggests that the most successful projects are those which have attempted to gain a knowledge of the local area prior to project initiation or have structured the project in such a way as to start with a simple idea and to develop this required knowledge base during the initial project stages," Moras and his associates reported. The process should occur mainly by collecting adequate information during the early stages of the project, involving beneficiaries in design and implementation and redesigning the project as it proceeds.

The data collected prior to designing the project was most crucial and should include: 1) information that would help in understanding and overcoming constraints imposed on small farmers by the local environment; 2) information that would ensure that project components are adequate or to determine ways of providing

needed services and knowledge; and 3) information that would help determine the proper focus for the project, and the organizational capabilities within the area so that small-scale farmers receive the benefits of the project.

In sum, sufficient data about local conditions were needed to define better the behavioral changes required by small farmers and to design the project to bring those changes about. More important, however, DAI's studies underlined the need for flexibility in modifying the project design during implementation rather than viewing deviations from original plans ("blueprints") as managerial problems or as indicators of poor performance or failure. "Few projects can survive a rigid blueprint which fixes at the time of implementation the development approaches, priorities and mechanisms for achieving success," DAI analysts (Morse et al., 1975: 329-330) argued. "Most projects scoring high on success experienced at least one major revision after the project [managers] determined that the original plan was not working. This flexibility is critical, particularly if the technology is uncertain and if the local constraints facing the small farmers are not well known." The study concluded that revisions of project designs during their implementation should be viewed as desirable, if assistance aimed at improving the conditions of the small-scale farmers and other groups of the rural poor was to be more successful.

The Hall Committee Report and Changes in Development Management Strategy

At the same time, the Office of Development Administration's activities in the field of project and program management were influenced by an Agency-wide assessment of technical assistance for development management conducted in 1974 and 1975. The AID Work Group on Management and Development Administration, headed by Ambassador William O. Hall, reviewed the Agency's experience and made the following recommendations (USAID, 1975a: 2-5):

1. The committee re-emphasized that AID's management assistance activities should be focused on improving program and project implementation in its high priority sectors--food production, rural development, nutrition, population planning, health, and education and human resources. These sectors were thought to provide the greatest benefits for the majority of people in developing countries, and especially for the Agency's new target group-- the poor.

2. In each sector, management assistance should be focused on "results-" and "service-oriented" planning and management in collaboration with host governments. The management assistance provided by AID should emerge from the identification by governments in developing countries of their needs to improve management capacity to deliver services and should help to build the capacity of existing government and private organizations to deliver services that people need and want.

3. The management assistance methods used by AID in developing countries "must be applied flexibly, with experimentation to learn

while doing, take advantage of opportunities, and move from 'pilot projects' to large scale efforts."

4. Procedures and criteria should be developed to allow AID to appraise and assess the management capacity of developing countries early in the project cycle--at the stage when projects were first identified and in their initial design. They would allow the Agency to determine whether or not the host governments had the managerial capability to carry out a particular project and, if not, to identify the managerial assistance they would need to implement successfully high priority projects that were considered to be economically and technically feasible.

5. AID should engage in more extensive applied research into the managerial problems and needs of developing countries in the high priority sectors so that the Agency could formulate and offer more appropriate and relevant management assistance.

6. AID should induce its contractors and the research institutes that it funds to concern themselves more directly with the management of service delivery, the use of services and their distribution among beneficiaries as well as with technical and scientific problems.

7. General and sectoral management training programs should be offered by AID to key institutions within the countries that have the greatest capacity to adapt and disseminate them, and should focus on building up the capacity of institutions in developing countries to do their own managerial analysis, training and

evaluation.

8. AID should increase the resources within the Agency for development administration assistance, applied research on sectoral management problems, experimentation and testing of new management techniques, and consultative services to USAID Missions and host country governments.

Most of these recommendations were later incorporated into AID's official "Policy Determination on Development Administration," PD-69, issued by the Administrator in 1977 (USAID, 1977). He noted that "it is AID policy to assure the existence or development of competent management in the specific host-country institutions responsible for carrying out AID-financed programs and projects to assure with reasonable certainty their successful completion." Management improvement, the Administrator argued, "deserves attention equal with that afforded the economic, technical, political and social dimensions of development."

#### Assessing Managerial Capacity

One immediate result of the Hall Committee's recommendations was to set the Office of Development Administration on the task of formulating guidelines for the appraisal of project management capacity in developing nations. The guidelines (Rizzo and Koteen, 1976: 14) defined appraisal of managerial capacity as the assessment of "the managerial strength and weaknesses of recipient's leading implementing organizations. Appraisal results are then incorporated into project design and development and

proposed corrective action." Project management capacity was defined as the recipient organization's ability to implement project assistance, which was "greatly affected by the way they are organized and led, by the way they plan and control their work, by the way they mobilize and manage their resources (money, manpower, supplies and facilities), and by the environment in which they operate."

The guidelines suggested that assessment of managerial capacity take place at various stages of the project cycle. At the stage of project identification, USAID Missions should describe in the Agency's project identification documents (PIDs) significant managerial problems that might arise in implementing the proposed activities and the range of responses that AID could expect from the government in resolving them. The PID should contain a brief discussion of administrative issues within the country that might affect the success of the project.

At the stage of initial design and review, USAID Missions should include in their Project Review Papers (PRPs) a description of the host government's agency that would implement the project, an initial assessment of its capability and a description of major deficiencies and problems that would affect the success of the project. At the stage of detailed design and appraisal the Missions should include in their Project Papers (PPs) an assessment of the implementing agency's managerial capability with regard to the following factors: 1) appropriateness of its role; 2) quality of leadership; 3) the degree to which the organizational setting

was supportive; 4) the soundness of the organizational structure; 5) the effectiveness of planning and control; 6) the efficiency of resource administration; 7) the degree to which organizational behavior was constructive to the project's success; and 8) capacity for effective service delivery.

Perhaps the most important result of the guidelines was that it provided USAID staff with specific questions to ask and indicators to use in assessing managerial capacity, as well as for assessing the implementing agencies' financial management capability and the degree of administrative support the government was likely to provide during the implementation of the project. When deficiencies or weaknesses were found, the USAID Missions were to recommend actions to increase the implementing agencies' managerial and administrative capacity. These actions could either be designed as part of the project itself, or be included in the conditions that the government would have to meet before receiving approval of funding or as a condition for receiving financial disbursements.

#### Managing Participation in Development Projects

In the "New Directions" mandate, Congress placed strong emphasis on the need for popular participation by groups who would be influenced by, or for whom benefits were intended from, AID-sponsored development projects and programs. Yet, there was little consensus within AID as to what participation meant--different groups and Missions within the Agency defined it

differently--or on the most effective means of eliciting it. Thus, in 1977, the Office of Development Administration commissioned a study through Cornell University of ways of analyzing the potential for participation in project design and implementation. It also entered into a cooperative agreement with Cornell to provide technical assistance to participatory projects in developing countries.

In its applied research studies, the Cornell team attempted to develop a framework for analyzing participation and to define more clearly its meaning and characteristics. In the team's final report, Uphoff, Cohen and Goldsmith (1979: 4) argued that "asking "What is participation?" may be the wrong question, since it implies that participation is a single phenomenon." It appears more fruitful and proper to regard participation as a descriptive term denoting the involvement of a significant number of persons in situations or actions which enhance their well-being, e.g., their income, security or self esteem. ... We find it more instructive, however, to think in terms of three dimensions of participation: 1) what kind of participation is under consideration? 2) who is participating in it? and 3) how is participation occurring?"

The framework attempted to address these and other questions that project designers and managers might ask in considering participation:

First, four types of participation were identified: participation in decision-making; participation in implementation; participation

in benefits; and, participation in evaluation.

Second, four sets of potential participants in rural development projects and programs were identified--local residents, local leaders, government personnel and foreign personnel--each often having different perceptions, interests, and definitions of benefits.

Third, means of identifying how participation was occurring were described--the types of initiatives that were used to elicit participation (mobilized from the center or autonomous); the types of inducements for participation (voluntary or coercive); the structure and channels of participation (individual or collective, formal or informal, direct or representative); the duration (intermittent or continuous) and scope (narrow or broad range of activities); and the results of participation (whether or not it leads to empowerment, that is, increases the capacity of people to satisfy their objectives and needs through involvement).

Fourth, the framework identified the characteristics of projects that form the context for participation, i.e., that define the ability or willingness of various groups to be involved. These characteristics included: 1) technological complexity; 2) resource requirements; 3) tangibility of benefits; 4) probability of benefits; 5) immediacy of benefits; 6) equity; 7) program linkages; 8) program flexibility; 9) administrative flexibility; and 10) administrative coverage.

Finally, the framework encompassed a set of environmental factors

that create opportunities and constraints for participation; that is, the physical, biological, economic, political, social, cultural and historical conditions of the area in which the project would be carried out.

### Organization and Administration of Integrated Rural Development Projects

The strong influence of the "New Directions" mandate in focusing the Agency's attention on the problems of the poor, and especially of the marginal and subsistence groups in rural areas, also led the Office of Development Administration in 1978 to sponsor a large research and technical assistance project on the administration and organization of integrated rural development projects. The objective was "to increase the effectiveness of on-going Integrated Rural Development (IRD) projects and to improve the design and management of future rural development efforts which combine social services, income production, and production-support functions in a single project" (USAID, 1978).

In addition to providing technical assistance to more than a dozen AID-sponsored integrated rural development projects, the contractors-- Development Alternatives Incorporated (DAI)--also produced a study of the management and organization of multisectoral rural development activities (Honadle, Morss, VanSant and Gow, 1980). The study found a number of common and frequently recurring problems in the management of such projects, including:

1. Difficulties of integrating and coordinating the activities

of the many participating government agencies required to provide agricultural, social and productive services;

2. Difficulties of managing and supervising teams of multidisciplinary technical and administrative staff needed to carry out the projects;

3. Inadequate information needed to make effective managerial decisions;

4. Lack of incentives for project staff or personnel from cooperating organizations to act in ways that effectively support the objectives of integrated rural development projects;

5. Difficulties in procuring supplies, equipment and personnel in a timely manner to carry out the project on schedule, resulting in delays and cost overruns;

6. Diversion of resources intended for integrated rural development projects to other purposes and uses;

7. Inappropriate use of technical assistance;

8. Ineffective use of project results by intended beneficiaries;  
and,

9. Difficulties or failure to sustain project activities or outputs when foreign assistance or domestic aid for the project ended.

The studies revealed the importance of proper organizational

structure in the successful implementation of integrated rural development projects and, indeed, in any multi-sectoral development program. Proper organizational design, DAI analysts found, included choosing the most effective organizational level at which to locate the project to ensure integration of decisions and resources, the appropriate institution to manage the projects, and the best configuration of internal organizational divisions. Four major organizational arrangements were being used for integrated rural development projects--national line agencies, subnational units of government, integrated development authorities, and project management units--each of which had advantages and disadvantages, and each of which required the existence of specific conditions to allow them to operate effectively (see Table 5).

DAI's consultants studied IRD projects that were organized both at the central government level and at regional and local levels of administration. They found no universally applicable lessons about the potential advantages of centralization over decentralization, however, and determined that each had strengths and weaknesses that must be assessed carefully in each country before organizational choices were made. Centralization and decentralization both had benefits and limitations in specific situations (see Table 6).

The difficulties of managing and supervising the staff of integrated rural development projects were due to the fact that those who were assigned to be managers of IRD projects were successful technicians--engineers, agronomists or extension agents--who had little or no general management experience or

TABLE 5  
ADVANTAGES AND DISADVANTAGES OF ALTERNATIVE ORGANIZATIONAL ARRANGEMENTS  
FOR PROJECT AND PROGRAM MANAGEMENT

No.	ALTERNATIVE		TRADEOFFS	
	Implementor	Major Advantages	Major Disadvantages	Supporting Conditions
1	<u>National Line Agency</u> (permanent) such as Ministry of Agriculture	<ul style="list-style-type: none"> <li>• Provides a base in a permanent institution;</li> <li>• Provides high-level decision involvement;</li> <li>• Sometimes appropriate for non-area focused projects;</li> <li>• Often simplifies initial preparation process and resource flows.</li> </ul>	<ul style="list-style-type: none"> <li>• Limits sectoral focus of project strategy;</li> <li>• Often there is a preoccupation with national problems rather than local variations;</li> <li>• An unwillingness to delegate significant operational authority is common;</li> <li>• Often accompanied by jealousy of other line agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• High capability in appropriate agency;</li> <li>• High priority on institutionalization;</li> <li>• Agency has high target group orientation;</li> <li>• National leadership commitment critical for success.</li> </ul>
2	<u>Subnational Government Entity</u> (permanent) such as a region, province of district	<ul style="list-style-type: none"> <li>• Provides local focus;</li> <li>• Sometimes helps to concentrate authority over project activities;</li> <li>• Can build planning and implementation capability in permanent entity.</li> </ul>	<ul style="list-style-type: none"> <li>• Often has low institutional and human resource capability;</li> <li>• Subnational units often have little leverage over line ministries whose activities affect the project.</li> </ul>	<ul style="list-style-type: none"> <li>• High commitment to decentralization;</li> <li>• Uniqueness of target area;</li> <li>• High capability in appropriate agency;</li> <li>• Agency has high target group orientation.</li> </ul>
3	<u>Integrated Development Agency</u> (permanent) such as a national authority	<ul style="list-style-type: none"> <li>• Helps comprehensiveness of project overview;</li> <li>• Provides local focus with access to higher level authority;</li> <li>• Can avoid overly oppressive audit and control procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Line agency competition can cripple performance;</li> <li>• Complex communication needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Good history of inter-agency cooperation;</li> <li>• Technology sensitive to lack of complementary inputs;</li> <li>• High capability in appropriate agency;</li> <li>• Agency has high target group orientation.</li> </ul>
4	<u>Project Management Unit</u> (autonomous and temporary) such as those often created as part of an IRD project design	<ul style="list-style-type: none"> <li>• Can be used to concentrate authority in project area;</li> <li>• Familiar to engineers who staff infrastructure projects;</li> <li>• Can avoid oppressive audit and control procedures;</li> <li>• Can avoid inappropriate boundaries.</li> </ul>	<ul style="list-style-type: none"> <li>• Very difficult to institutionalize;</li> <li>• Temporary nature creates personnel management problems.</li> </ul>	<ul style="list-style-type: none"> <li>• Environment hostile to target group;</li> <li>• Simple infrastructure focus;</li> <li>• Standard operating procedures very cumbersome;</li> <li>• Technology highly uncertain.</li> </ul>

Source: Development Alternatives Incorporated, Integrated Rural Development: Making It Work?, 1980.

TABLE 6

## ATTRIBUTES OF ORGANIZATIONS CONTRIBUTING TO RURAL DEVELOPMENT

Attributes of Organizations Contributing to Rural Development	Supportive Criteria
Openness to participation by a broad spectrum of the community. (Boundaries drawn by function(s), not economic or social status.)	<ul style="list-style-type: none"> <li>• Local participation in organization design.</li> <li>• Broad and frequent interaction within organization.</li> <li>• Accountability to members by those allocating and using organizational resources.</li> <li>• Broadly-based managerial and technical skills.</li> </ul>
Consistency with culturally accepted practices.	<ul style="list-style-type: none"> <li>• Conformity of new organizations to norms of traditional institutions.</li> <li>• Adaptation of existing organizations to new functions.</li> <li>• Traditions of broad-based community decision-making.</li> </ul>
Capacity for multiple adaptations and functions. <sup>1/</sup>	<ul style="list-style-type: none"> <li>• Delivery systems capable of meeting the needs of more than one group in a coordinated manner.</li> <li>• Capacity to respond to changing community priorities.</li> <li>• Multiple constituency support providing broader economic bargaining power.</li> </ul>
Linkages, both horizontally to complementary institutions and vertically with centers of power controlling policy and resources.	<ul style="list-style-type: none"> <li>• Mutual reinforcement of technical and administrative skills and services to the community.</li> <li>• Support from bureaucratic systems independent of local decisionmaking.</li> <li>• Access to resources and information not available locally.</li> <li>• Participation in communication networks to broaden awareness of local needs and circumstances at policymaking levels.</li> </ul>
Equitable distribution of organizational benefits.	<ul style="list-style-type: none"> <li>• Broad participation in organizational activities and leadership.</li> <li>• Relative equity in local asset ownership patterns.<sup>2/</sup></li> <li>• Organizational accountability to a community constituency beyond its members.</li> </ul>

<sup>1/</sup> This characteristic must be assessed in terms of the particular organizational environment and the relevant tradeoffs between single and multiple functions. Too many functions may lower performance or concentrate excessive power in a single organization.

<sup>2/</sup> Empirical evidence on this point is somewhat ambiguous. Gow (op cit, p. 120) found a correlation between organizational impact and unequal land holdings. In this case, unequal holdings may have been a proxy for the presence of progressive farmers able to give effective leadership to organizations. Furthermore, impact does not necessarily imply equitable distribution of benefits.

Source: Development Alternatives Incorporated, Integrated Rural Development, 1980.

training.

DAI's consultants found that IRD projects could be more effectively managed if they were designed, not in the conventional "blueprint" fashion, but through a learning process in which:

1. The design is done in discrete phases rather than in great detail prior to the project's approval;
2. A large amount of short-term technical assistance is provided to help the staff deal with particular technical problems as they arise;
3. Emphasis is placed on action-oriented, problem-related, field training of both staff and beneficiaries;
4. Rewards and incentives are provided to staff to carry out project activities effectively and which are consistent with a learning and performance orientation;
5. Applied research is made a part of the project so that staff can test and learn from new ideas;
6. Simple, field-level information systems are used that collect new information only after an inventory has been made of existing data, identifying the information that decision-makers are currently using, determining how the information will be used and assessing the costs of information collection and analysis;
7. Provisions are made for redesign of the project--its objectives, organization, procedures and staffing needs--as

managers learn more about its operation and effectiveness during implementation.

The study found that the limited impact of the projects was often due to the fact that the intended beneficiaries had not participated in their design and implementation; that the designers had ignored or underestimated the "target group's" perception of risk in participating; that the projects were administratively and technically complex; and, that often the results that the projects were designed to achieve were those that were more important to the international assistance agencies than to local groups.

DAI's staff found a number of organizational and managerial attributes that were essential to assuring greater impact on intended beneficiaries. These included openness to participation by a broad range of community groups; ability to adapt activities to culturally accepted practices; capacity to perform multiple functions; the ability to establish and maintain strong linkages with other organizations on which resources and political support depended and the willingness and ability to distribute benefits equitably. DAI suggested criteria for assessing these organizational attributes (see Table 7).

Local participation could be enhanced, DAI studies indicated, if organizations responsible for integrated development projects adapted new ideas to local circumstances and conditions, devised ways of gaining acceptance for new ideas among the intended beneficiaries, obtained a commitment of resources from the

TABLE 7

## MANAGEMENT STRATEGIES FOR MAKING PROJECTS RESPONSIVE TO LOCAL NEEDS

Management Strategy	Factors to Consider
<p><b>Felt needs and benefits</b></p> <ol style="list-style-type: none"> <li>1. Define nature of response intended (target group, intensity of response, channels of response, etc.)</li> <li>2. Specify environmental factors affect-local risk perceptions</li> <li>3. Establish and maintain two-way communication links between project staff and beneficiaries</li> <li>4. Design initial benefit package which is specific, visible, and oriented to particular target group economic needs</li> </ol>	<ul style="list-style-type: none"> <li>● Requires cultural sensitivity</li> <li>● Risks excessive "blueprinting"</li> <li>● Best understood by local personnel</li> <li>● Particularly important in projects directed towards subsistence farmers</li> <li>● Essential for feedback to project staff re beneficiary needs.</li> <li>● Keeps beneficiaries informed about project activities</li> <li>● Served by direct contact between staff and villagers (i.e., home visits)</li> <li>● Suggests sequential approach building on relatively simple, tangible components</li> <li>● Reduces risk of misapplication of new technologies</li> </ul>
<p><b>Social base</b></p> <ol style="list-style-type: none"> <li>1. Utilize process approach to build local interest and capabilities</li> <li>2. Utilize flexible planning methods</li> <li>3. Draw project staff from local talent with strong cultural identification</li> <li>4. Emphasize capacity-building in local organizations</li> <li>5. Engage in multi-level training for beneficiaries</li> </ol>	<ul style="list-style-type: none"> <li>● Adds to project time and possible cost</li> <li>● Resistance likely from donors or bureaucrats needing quick, measurable results</li> <li>● Suggests joint-planning mechanisms to maximize inputs from different project levels</li> <li>● Adds to project credibility</li> <li>● Improves understanding of local conditions essential for appropriate response</li> <li>● Helps equip organizations to mobilize and lead local response</li> <li>● Supports process approach as organizations mature</li> <li>● Builds competence to participate in project decisions and activities</li> <li>● Develops understanding of broader project objectives</li> </ul>
<p><b>Local leadership and control</b></p> <ol style="list-style-type: none"> <li>1. Incorporate participatory staff structures in project organizations</li> <li>2. Utilize open project management style (publish management decisions and financial records; broaden access to project activities)</li> <li>3. Orient project staff toward service to poor farmers</li> <li>4. Utilize simple field-level information systems</li> <li>5. Enlist local leadership/progressive farmers in support of project objectives and activities</li> </ol>	<ul style="list-style-type: none"> <li>● Increases willingness of staff to yield control to beneficiaries</li> <li>● Provides beneficiaries with opportunity and information need to respond effectively to project initiatives</li> <li>● Served by training and capacity-building activities</li> <li>● Influences staff selection and training</li> <li>● Most effective if supported by incentives to encourage appropriate staff priorities</li> <li>● Supported by mechanisms for staff accountability to beneficiaries</li> <li>● Incorporate local people in reporting procedures</li> <li>● Disseminate information in local language and in understandable form</li> <li>● Takes advantage of existing sources of leadership and power</li> <li>● Increases risk of benefit control by elite</li> </ul>

Source: Development Alternatives Incorporated, Integrated Rural Development: Making It Work?, 1980.

beneficiaries, limited or reduced exploitation of the groups they were working with, and designed projects in such a way that they could be handed over to the beneficiary groups for implementation when the foreign or external assistance ended.

Moreover, the response of local groups to integrated rural development projects could be improved if the projects were organized and managed to be responsive to the needs of intended beneficiaries, developed and used a local base of social support and developed local leadership and control. DAI analysts delineated management strategies and the factors important to applying them in multisectoral development projects (see Table 8).

The studies concluded that integrated rural development projects should be kept small-scale, they should focus on overcoming critical constraints to rural development in the areas in which they are located, and that the projects should be designed to build up gradually the organizational capacity of beneficiary groups so that they could participate in or eventually control, project activities.

#### Organizationally-Based Action Training

Both the "new directions" mandate and the recommendations of the Hall Committee led the Office of Development Administration to again turn its attention in the late 1970s to the problems of managing programs and projects in the health sector. A study was requested by AID's Office of Health to provide support and assistance for health management improvement and especially with

TABLE 8

## STRENGTHS AND WEAKNESSES OF CENTRALIZATION AND DECENTRALIZATION

	CENTRALIZATION	DECENTRALIZATION
STRENGTHS	<ul style="list-style-type: none"> <li>● Increases speed of decision with routine decisions and certain technologies;</li> <li>● Allows appropriate incentive system to affect focal organization and linked organizations;</li> <li>● Raises probability that a controversial policy will be implemented;</li> <li>● If an organization is both autocratic and centralized, change <u>can</u> be readily introduced;</li> <li>● Top-level administrators have longer tenure, and decisions made by them about linkages with other organizations tend to produce more valuable interactions;</li> <li>● Improves high-level morale and initiative.</li> </ul>	<ul style="list-style-type: none"> <li>● Increases speed of decision with non-routine decisions and uncertain technologies;</li> <li>● Participative, decentralized and autonomous organizations are more productive, efficient and satisfying;</li> <li>● Decentralized decisionmaking and multiple communication channels facilitate interorganizational cooperation;</li> <li>● Although the direct power in the hands of national leaders is reduced, decentralization increases their ability to guide society by creating more communication links within it;</li> <li>● Improves low-level morale and initiative;</li> <li>● Nourishes new leadership;</li> <li>● Facilitates client participation.</li> </ul>
WEAKNESSES	<ul style="list-style-type: none"> <li>● Overloads communication systems and requires more infrastructure/resources than decentralization to produce decisions in a given time;</li> <li>● Changes <u>cannot</u> be readily introduced into a bureaucratic centralized organization;</li> <li>● Does not nourish new leadership;</li> <li>● Sensitive to situations where national-level elite is not sympathetic to client group.</li> </ul> <p>Source: Development Alternatives Incorporated, <u>Integrated Rural Development: Making It Work?</u>, 1980.</p>	<ul style="list-style-type: none"> <li>● Requires highly developed informal communications channels;</li> <li>● Without financial discretion at lower levels decentralized strategies will not work;</li> <li>● A wide range of goals facilitates decentralization;</li> <li>● Very difficult when inefficient disbursement systems exist;</li> <li>● Often requires a program element designed specifically to improve lower-level planning capability among those charged with implementation;</li> <li>● Sensitive to situations where local-level elite is not sympathetic to client group.</li> </ul>

96

AID projects in the fields of primary health care, water and sanitation, disease control and health planning.

The study, which included a review of the experience with health projects in developing countries and an in-depth assessment of health program management in Costa Rica, found a wide range of problems and deficiencies impeding successful service delivery. Rizzo, Davidson and Snyder (1980) found serious deficiencies in organizational structure--such as excessive numbers of institutions attempting to provide health services with little or no cooperation among them; overly centralized control of authority, personnel and resources with "a consequent isolation of the periphery from planning involvement and responsibility;" and fragmentation of responsibilities and lack of coordination.

In addition, they discovered weak planning, programming, budgeting and financial controls. Health programs and projects were undermined by unrealistic plans, inadequate data collection, lack of participation by lower level officials or beneficiaries, unclear program objectives, weak relationships between health program planning and annual budgeting, poor financial planning and lack of cost accounting.

Moreover, the implementation of health programs and projects suffered from inadequate information, supervision and evaluation. Health agencies lacked adequate information, or collected data that were neither timely nor related to the needs of decision-makers. Supervision within central agencies was usually weak and evaluation

of planning, budgeting and programming was either lacking or inadequate to enable managers to correct deficiencies and improve service delivery. The health ministries had serious shortages of trained management personnel. Those that they did have tended to be inappropriately assigned or not used to full capacity. "The manpower system is further aggravated because of low salaries, low motivation for service in public health, and difficulty in attracting highly competent people to the services," the authors pointed out (pp. 6-7). "There is usually a lack of career progression and of in-service training facilities to upgrade the managerial capabilities of the staff."

All of these problems were exacerbated by weak supply and transportation services and inadequate maintenance of supplies and facilities, especially in health units in rural and outlying areas of the country. In addition, health projects and programs were often poorly managed because of widespread resistance to change within the bureaucracies, highly inflexible regulations and procedures and conflicts among professionals and nonprofessional staff in the health services. Doctors of medicine often controlled health service delivery agencies although most did not have adequate managerial training or capability to perform these roles effectively.

Many of the deficiencies found in health program and project management were identified by the officials and managers in the health agencies in developing countries. The study found that attempts to provide U.S. technical assistance often did not solve

or alleviate these problems because American experience with health program administration was often very different from that in less developed countries. Attempts to simply transfer health management techniques thus were inappropriate and were only effective when serious efforts were made to adapt them to local conditions and needs. Few American organizations had sufficient numbers of people who were experienced in developing countries, who could speak foreign languages and who could adapt health management procedures to other cultures.

Rizzo, Davidson and Snyder suggested that the most effective means that AID could use to help improve health project and program management would be to assist in the funding and delivery of appropriate management training. But, they insisted that conventional approaches to training would not be appropriate and suggested instead the creation of training programs based on the following principles:

1. Management training must be closely linked to organizational needs in specific developing countries. This could be done by explicitly identifying the changes that needed to be made in the organization and then translating these changes into performance criteria for specific jobs. Changes then could be made through new knowledge, skills and attitudes.

2. Training objectives should be determined by the types of performance required to bring about changes in the organization. Therefore, it would be necessary before training programs were

designed to distinguish between performance changes that could be achieved through training and those that required changes in policies, procedures and incentives.

3. Training should not be a one-time occurrence, but a continuing process over a long period of time to help develop, maintain, correct and reinforce desired behavior and performance within the organization. Much of the continuing training should be on-the-job and be accomplished through self-learning activities.

4. Instead of concentrating on individuals, training should involve a "critical mass" of people so that that new management techniques and procedures could be applied throughout the organization. The training should be group or team focussed and involve people at various positions in the organization's hierarchy. "Thus, the selection of trainees, the content of training, the critical mass and the utilization of the on-the-job training are all aligned for maximum pay-off to health services."

5. The contents of and participants in the training programs should be chosen by the health organization and not by the trainers or advisors, so that the needs of the organization become the focus of the training programs.

6. All training materials--texts, cases, readings--must be drawn from or adapted to the culture, the health sector and the organization's needs. Where such materials do not exist, some investment should be made in developing them before the training program is offered.

7. The training methods should be applied and practiced.

Training courses should not merely be an intellectual exercise or the transfer of knowledge. Methods should include such techniques as role playing, case analyses, programmed instruction, simulation, field work and others that require the participants to practice what they are learning. The methods should, the authors insisted, "reflect the fact that management is a performing art and not an intellectual discipline."

8. Training programs of this kind are usually more effectively tailored to organizational needs if they are managed in-house by the health agency or in collaboration with an external institution. It is much more difficult to develop an appropriate training program if it is managed exclusively by an external institution.

9. If an external institution is used it should be one that can adapt to local needs and culture.

10. The training program should also include or make provision for research and development to adapt knowledge to local conditions, consultation and experimentation to test new methods and techniques under local conditions, and means of disseminating the results.

#### Managing Benefits Through Targetted Projects

Both the "New Directions" mandate and the concern expressed in the Hall Committee report for assuring that AID's programs and

projects were designed and managed in a way that would allow benefits to flow to constituent groups of the poor majority, led the Office of Development Administration in 1979 to commission a study of the management of "aid-targetting." In the study, Managing Benefits for the Poor, Ingle, Rondinelli and Riley (1981) noted the difficulty that both the Agency's technical offices in Washington and the USAID Missions often had in designing and managing projects to assure that the primary target groups actually received the benefits and that the aid program in each country was adequately addressed to the needs of the poor majority.

In response to a Congressional inquiry in 1975 about AID's progress in carrying out the "New Directions" mandate, Agency officials frankly acknowledged the difficulties of defining poverty and distinguishing among different groups of the poor in developing countries. AID staff (USAID, 1975b: 5) told Congress that "few officials in developed or developing countries have spent time on that question, perhaps feeling that 'you know the poor when you see them,' and that attention could more usefully go to designing and implementing programs for people who are obviously poor by any reasonable standards."

In its agency-wide programming, AID chose to define the poor in developing countries by a rough set of "benchmarks," consisting of data on percapita income, dietary and nutritional levels, and social indicators such as life expectancy, infant mortality, birth rates and access to basic health services. By these criteria, AID estimated that about 75 percent of the population--or about 800

million people--in AID-assisted developing countries were living in poverty in 1975.

Although these benchmarks provided some indication of the magnitude of poverty, AID officials recognized that relatively little could be done with the resources available to the Agency to bring the majority of the poor close to or above the benchmark levels. AID officials (USAID, 1975b: 6) pointed out in their report to Congress that "while AID-financed programs must attempt to reach large numbers of poor people, AID's primary target group will often be a limited portion of the majority in each country depending on its economic and social conditions, its capabilities and desires, and other considerations which determine the programs yielding the most impressive benefits at the least cost."

USAID Missions continued to express frustration throughout the late 1970s about the difficulty of targetting aid effectively for the poor. The Philippines Mission (USAID, 1980: 1), for example, which had developed one of the most comprehensive analyses of poverty, still complained that "poverty is an elusive concept. Many definitions and measures have been advanced. All have limitations in methodology and applicability to specific country conditions." Officials in the Pakistan Mission (USAID, 1979: 4) pointed out that "virtually no conceptual framework exists to develop an operational poverty definition rooted in established social values." The difficulties of defining and distinguishing among groups of the poor were reflected in the fact that many AID project proposals simply begged the question; they were justified

by language that seemed to address the needs of the poor in general without specifying exactly which groups would benefit from proposed projects and programs.

Thus, the Office of Development Administration sought through a review of Mission strategies, project proposals and evaluations to identify more clearly the constituent groups of the poor for whom projects were designed; those approaches that Missions were using to channel benefits to the poor that could be used by others having difficulties with aid-targetting; the management factors affecting aid-targetting; and implications for improving targetting in AID policies, programs and and projects.

Ingle, Rondinelli and Riley (1981) found that a few USAID Missions had been relatively more successful than others in identifying constituent groups of the poor, in defining the benefits that projects would provide to them, and in developing mechanisms for delivering benefits effectively.

Among the constituent groups most often identified in Country Development Strategy Statements (CDSSa) were: 1) poor rural smallholders, subsistence farmers, pastoralists and minority groups with low levels of social welfare; 2) low income urban residents and recent rural migrants to cities; 3) landless laborers; 4) women with low levels of literacy, nutrition, and health; 5) people living in rural areas and regions with particularly underdeveloped economies; 6) people living in poverty in towns and cities; 7) and groups of ethnic minorities in developing countries that had

previously been excluded from programs of economic and social development.

A number of USAID Missions had also attempted to identify the causes of poverty. Among the major ones identified were: national economic policies that were adverse to widespread economic growth or to the equitable distribution of benefits; inadequate agricultural resources or access to productive assets; and poor natural resource bases in some areas of the country that maintained people in poverty. Moreover, other Missions found instances where social and political practices discriminated against large groups in the population or areas of the country, where the national government was simply not committed to equitable distribution of the benefits of development, or where weak administrative and institutional structures prevented benefits from being distributed widely. Still others identified the characteristics of areas or groups themselves that seemed to account for their poverty: lack of transportation and infrastructure, lack of access to appropriate technology, limited management capabilities, lack of access to jobs, capital or social services, inability to participate in development activities and underdeveloped human resources.

Finally, Ingle, Rondinelli and Riley (1981) identified the major mechanisms that some USAID Missions were able to devise, and that others might be able to adapt, for distributing the benefits of development more equitably to AID's target groups. (See Table 9). These included ten major sets of mechanisms: 1) policies to redistribute resources; 2) policies to make income distribution

TABLE 9

## METHODS OF TARGETTING AID PROJECTS

- I. Policies to Redistribute Resources  
 --Taxation and Allocation Policies  
 --Government Enterprises for Redistributive Purposes  
 --Land Reform
- II. Policies to Increase Equitable Distribution  
 --Appropriate Pricing Policies  
 --Make Selective Concomitant Interventions in Rural Areas  
 --Promote Growth as a Means of Promoting Equity
- III. Influence Short Term Demand for Productive Assets or Opportunities of Poverty Groups  
 --Lower Costs of Services for Poor  
 --Communicate Opportunities to Beneficiary Groups  
 --Increase Agricultural Manpower Supply to Assist Poor  
 --Simplify Methods of Service Delivery  
 --Develop Maintenance Capacity for Equipment of Small Farmers  
 --Develop Methods of Information Exchange
- IV. Influence Long-Term Demand for Productive Assets or Opportunities for Poor  
 --Develop Capacity to Maintain Small Farmer Equipment  
 --Reduce Demand for Services
- V. Expand and Extend Supply of Existing Opportunities for Target Groups  
 --Change Food Supplement Ration Programs  
 --Support Market Town Development  
 --Provide Community Physicians and Health Systems  
 --Increase Supply of Social Services  
 --Provide Basic Services on Large Scale  
 --Make Services Available at Local Supply Points  
 --Support Local Delivery Systems  
 --Use Labor Intensive Construction Methods  
 --Expand Rural Works Programs  
 --Concentrate Services in Areas Where Poor Reside
- VI. Increase Appropriateness of Existing Opportunities and Extend to Poverty Groups  
 --Develop New Technology Packages for the Poor  
 --Make Economic Alternatives Available to Landless and Urban Poor  
 --Encourage Labor Absorbing Industrialization  
 --Simplify Approaches to Development Assistance  
 --Increase Numbers of Outreach Workers  
 --Develop Location-specific Products and Technologies  
 --Develop Technologies Better Suited to Rural Areas  
 --Introduce New Technologies Through Agricultural Extension
- VII. Involve Poor in Project Activities  
 --Elicit Involvement in Project Selection  
 --Promote Participation in Project Implementation  
 --Stimulate Local Self-Help Activities  
 --Involve Poor in Local Development Institutions  
 --Focus Projects on Problems Considered Important by Intended Beneficiaries.

TABLE 9 (cont.)

- VIII. Coordinate and Integrate Services for Poverty Groups
  - Integrate Package of Projects in Target Areas
  - Coordinate Project Components to Have Greater Impact
  - Decentralize Research and Administration
  
- IX. Supplement Administrative Capacity to Serve the Poor
  - Develop Greater Service Capacity to Reach the Poor
  - Use Commodity Assistance to Cover Local Service Program Costs
  
- X. Experiment With New Programs and Projects to Help the Poor
  - Fund Regional Demonstration Projects
  - Develop Pilot and Demonstration Projects for Replication by Government and Private Sector
  - Allocate Greater Resources to Experimental Activities Designed to Reach the Poor

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Source: Ingle, Rondinelli and Riley (1981)

more equitable; 3) programs to influence short term demand for productive assets or opportunities for poverty groups; 4) programs for influencing long term demand for productive assets or opportunities by poverty groups; 5) projects to expand or extend the supply of existing opportunities to specific groups of the poor; 6) projects to increase the appropriateness of existing opportunities and to extend them to beneficiaries; 7) arrangements to involve the poor in decision-making at various stages of the project cycle; 8) arrangements to coordinate or integrate services for specific groups of the poor; 9) means of supplementing or increasing the administrative capacity of beneficiary groups; and 10) experiments on new approaches to extending the benefits of projects to constituent groups of the poor.

However, the study found that only a few USAID Missions gave serious attention to trying to identify constituent groups of the poor effectively and to designing and managing projects in ways that would increase the probability that benefits would actually reach them. Moreover, even among the few Missions that had given the problem serious attention, there were large gaps between their capacity to identify target groups, the causes of poverty and means of distributing benefits on one hand, and their ability to translate these analyses into effective project proposals on the other.

The study identified seven project management practices that would help Missions to target aid more effectively (see Table 10). A survey of CDSSs and project proposals found that most USAID Missions fell far short of applying these management practices in the design of overall development strategies, in the implementation of projects, in activities to assure the continuation of benefits when the projects were completed, and in project monitoring and evaluation.

The study concluded that

program implementation is not yet a central feature of AID's agenda. CDSSs, project papers and impact studies are concerned primarily with resource inputs and finances. There is scant discussion of what occurs between inputs and results. Implementation resembles a "black box" known so well to psychologists. The issue of how mutual objectives are defined and translated into processes of successful implementation remains unexplored. Part of the problem is that development administration in AID and elsewhere is a generation out of date. As practiced in AID, it is concerned with training, consulting and administrative processes rather than with results-oriented management.

The study recommended a number of actions that the Office of Development Administration could take to assist Missions to design and manage projects in ways that would distribute their benefits to intended target groups more effectively. These included:

1. Developing a collaborative project design process through which major participants and intended beneficiaries could clarify and agree on the primary objectives of AID programs and projects;
2. Identifying and disseminating cost-effective methods for

TABLE 10

## PROCEDURES FOR DESIGNING PROJECTS TO TARGET BENEFITS TO CONSTITUENCY GROUPS

GENERAL CHARACTERISTICS	MANAGEMENT CHARACTERISTICS AT EACH POLICY EXECUTION PHASE			
	STRATEGY FORMULATION	PROJECT DESIGN	PROJECT IMPLEMENTATION	BENEFIT CONTINUATION
1. Clearly stated poverty reduction objectives.	Overall poverty reduction objectives should be established & clearly stated by major development participants.	Specific poverty reduction objectives should be clearly stated & agreed upon by major project participants.		
2. Identification of groups & sub-groups constituting the poor.	Various groups constituting the poor should be identified.	Sub-groups constituting the poor in the project area should be identified & described.		
3. Identification of causes of poverty for groups & sub-groups.	Causes of poverty for each group should be identified.	For each project-specific group & sub-group constituting the poor, the causes of poverty should be described & analysed.		
4. Specification of which types of benefits are to accrue to which groups & sub-groups.	Intervention strategies should identify which groups are to benefit.	The proportion & sequencing of benefits which are expected to accrue to intended beneficiaries should be clearly stated.	Project implementors should agree on who intended beneficiaries are, where they are located, & what benefits are supposed to accrue to them overtime.	
5. Specifications of the necessary set of distribution mechanisms for assuring that benefits accrue to intended groups.	The strategy should indicate the general types of distribution mechanisms that are available & will be given priority.	The project intervention should specify the necessary set of distribution mechanisms for assuring that project benefits accrue to intended groups.	For each unique beneficiary group or sub-group, project interventions should include the necessary set of distribution mechanisms to assure that project benefits reach the poor.	For each beneficiary group, the necessary distribution mechanisms should be used to continue the flow of benefits.
6. Specification of the types of institutional arrangements to operate distribution mechanisms.	The strategy should describe suitable institutional arrangements for implementing the poverty reduction policy.	The project design should specify the institutional arrangements to be used in operating distribution mechanisms.	Institutional arrangements for properly operating distribution mechanisms.	Institutional arrangements to operate distribution mechanisms should function properly.
7. Specification of a feedback & assessment system oriented to poverty reduction objectives.		The project intervention should provide for a feedback & evaluation system to monitor the achievement of poverty reduction objectives.	A feedback & evaluation system should be in use to assess achievement of poverty reduction objectives & to allow adaptation of the project to changing conditions.	A feedback & evaluation system should be in place to allow institutional actors to adjust resource inputs to the achievement of long-term poverty reduction objectives.

Source: M. Ingle, D. Rondinelli and T. Riley, Managing Benefits for the Poor, 1981.

gathering and analyzing socio-economic data about specific groups of beneficiaries;

3. Identifying and disseminating practical methods for specifying the types of benefits that would be likely to alleviate poverty among target groups;

4. Developing guidelines to help Mission personnel to identify and use distribution mechanisms for channelling benefits to target groups;

5. Developing guidelines to help AID staff to identify and choose appropriate institutional arrangements for distributing benefits to selected target groups during project implementation;

6. Assembling and disseminating information about monitoring and evaluation procedures that would help AID to determine the impacts of projects on beneficiaries;

7. Identifying, testing and disseminating information about the best means of distributing benefits during project implementation;

8. Identifying and disseminating information about processes through which the distribution of benefits tend to continue or to decline following the completion of development projects, and about ways in which AID can help ensure continued benefit distribution after projects are completed.

The report suggested that significant improvements in designing and managing AID projects could be achieved through applied

research and information dissemination, without introducing costly new management procedures.

### Adapting Project Management to Local Conditions

Throughout the late 1970s, the Office of Development Administration had been funding research on applied methods of project planning and implementation through a contract with PASITAM--the Program of Advanced Studies in Institution Building and Technical Assistance Methodology--at Indiana University. PASITAM staff did applied research and disseminated information on alternative administrative arrangements for program implementation, the effects of training on work behavior, management information systems for rural development projects, technology transfer, the effects of uncertainty on decisionmaking, and agricultural management information systems. A number of case studies were written to illustrate the effective use of management techniques in development projects, and design notes were published to help practitioners to apply them.

Perhaps the most widely noted result of the PASITAM work was the publication of Jon Moris' (1981), Managing Induced Rural Development. In that study he integrated many of the findings of the PASITAM studies with those of other research on project and program management to derive lessons useful to AID and other international agencies on planning and managing rural development projects.

Moris suggested again that many of the features of AID's project

cycle were too complex and rigid to be applied effectively in rural areas of developing countries. The local environments in which AID projects had to be designed and implemented were far different than those assumed in AID's procedures. He noted that administrative structures in developing countries have characteristics that can create serious problems for project planners and managers. The control chain from the field to the ultimate sources of finance and support tends to be long, and in within that chain decisions are frequently altered or rejected for no apparent reason; commitments to projects and programs by officials in developing countries are often conditional, and quickly modified for political reasons; and the the timing of events is frequently not subject to planned control. Thus, no matter how detailed the programming and scheduling, postponements and delays must be expected.

Moris also argued that the field units that are usually responsible for implementing projects are contained within extremely hierarchical administrative structures and decisions affecting development activities are usually made or must be approved at the top. In many developing countries, however, there are strong differences in perspectives and interests between national and local administrators, and local staff are often cut-off from or in conflict with officials at the center. Finally, Moris (1981) pointed out that supporting services from the central government are usually unreliable and staff at any level of administration cannot be dismissed except for the most flagrant offenses; thus, many development projects are only half-heartedly

supported from the center and poorly managed at the local level.

Within this kind of administrative environment, Moris insisted, AID's design and implementation requirements were often unrealistic or perverse. To be effective, he noted, project planning and management must be a "grounded" activity in which field conditions are well understood and planners and managers are heavily engaged in day-to-day operations.

Moris pointed out that the following factors must be seriously considered in designing development projects introducing new methods and technologies aimed at helping poor farmers. The projects must 1) offer low risks for participants; 2) provide visible and substantial benefits at the farm level; 3) offer participants regular access to cash incomes; 4) assist peasant farmers with meeting recurrent costs after the innovation is introduced; 5) avoid expanding welfare services before there is a production base that can yield revenue to pay for them; 6) use innovations that are not dependent for their adoption on loan financing in the initial phases; 7) consider long term effects of technology transfer because these may be quite different from the immediate effects; 8) be implemented in a way that does not by-pass local officials, who will remain long after external experts and technicians have left; and 9) build administrative capacity on small and incremental, rather than on large-scale and complex, activities.

Finally, Moris (1981: 124-125) derived a number of lessons from

the applied research and cases on how to manage rural development projects more effectively. Among them were the following:

1. Find the right people to lead a project and let them finalize its design if you want commitment and success.
2. Keep supervision simple and the chain of command short.
3. Build your project or program into the local administrative structure, even though this will seem initially to cause frictions and delay.
4. If the program aims at achieving major impact, secure funding and commitment for a ten to fifteen year period.
5. Put the project under the control of a single agency and see that the agency can supply the necessary external inputs.
6. Attempt major projects only when the nation's top leadership is ready for change and willing to support the program.
7. Make choices about projects and contractors based on records of past performance.
8. Treat political constraints as real if you wish to survive.
9. Recruit core staff from those who have already done at least one tour of duty in an area (where the project is to be located).
10. Concentrate efforts on only one or two innovations at a time.
11. Make sure that contact staff in touch with farmers is adequately trained, supervised, motivated and supported.
12. Identify and use the folk management strategies which managers rely upon within the local system to get things done.
13. Simplify scientific solutions to problems into decision rules that can be applied routinely without special expertise.
14. Look for the larger effects of an item of

technology on the entire system before deciding upon its adoption.

15. Insure that experienced leaders have subordinates who do stand in for them on occasion and that there is a pool from whom future leaders can be drawn.

Moria concluded that, realistically, development projects and programs could not be designed comprehensively and in detail--that is, in the conventional "blueprint" fashion. Many of the lessons of past experience could provide guidelines for those engaged in project planning and management, but the real challenge to both AID and governments in developing countries was to create a process of project management based on continuous learning.

## CHAPTER FIVE

### MANAGING SOCIAL DEVELOPMENT: TOWARD PERFORMANCE

#### IMPROVEMENT AND BUREAUCRATIC REORIENTATION

In the early 1980s, the Office of Development Administration's applied research and technical assistance were strongly influenced by a new Presidential administration's aid priorities and the emphasis on "performance management" that had emerged from work commissioned during the late 1970s.

#### Development Administration Strategy and the "Four Pillars of AID Policy"

In 1981, AID's Administrator directed the Agency toward four high-priority objectives: 1) policy reform; 2) promotion of private enterprise; 3) technology transfer; and 4) institutional development. Noting that progress toward development depends in large part on government policies that either hinder or facilitate program and project implementation, the Administrator encouraged USAID Missions to engage in "policy dialogues" with governments to influence or persuade them to adopt and carry out policies that would promote production and wider distribution of the benefits of economic growth.

One of AID's major objectives would also be to foster open markets in developing countries and to build the capacity of the private sector to participate in development activities. AID would

also focus its efforts on identifying and transferring to developing countries appropriate technologies that would increase production and provide the physical and social services required to satisfy basic needs. Finally, AID would continue to strengthen the capacities of indigenous institutions in developing countries to provide essential goods and services, and would offer training to upgrade the technical skills and managerial ability of personnel within those institutions (USAID, 1983).

AID's Development Administration Strategy Paper, drafted by the Office of Development Administration in 1981, not surprisingly, closely reflected the Administrator's four policy priorities. It declared that AID's development administration strategy included (USAID, 1982: 2-3):

1. Sector-Specific Institutional Development: improving institutional performance in policy formulation, technology transfer and program management and strengthening the capacity of institutions in high-priority sectors to provide public services and promote private investment in order to achieve "sustainable benefits for broad groups of people."

2. Strengthening Local Initiative: improving the managerial performance of local enterprises in developing countries and assisting governments to strengthen local entrepreneurship, group cooperation, local government and provincial development "in ways that stimulate local initiative and self-help, but avoid imposing burdens on the poor."

3. Improving Capacity in Management Service Institutions:

improving the capacities of selected institutions in developing countries to provide relevant and practical management training, education, consulting and applied research.

4. Policy Reform: supporting selectively reforms of economic, financial and administrative policies and government structures through technical assistance and the application of new management technologies.

The strategy placed strong emphasis on improving managerial performance in existing institutions in developing countries, and on expanding administrative capacity at levels other than the center. It declared that (USAID, 1982: 8):

Limited administrative and institutional capabilities remain one of the central roadblocks to effective and equitable development. The need cannot be simply defined in terms of creating new and enlarged bureaucratic structures. One of the central problems is the rate at which the size and scope of bureaucratic activity have increased. Managerial skills and effective administration are not a function of size. Furthermore, the process has tended to shift an increasing burden of responsibility for addressing socioeconomic needs from individual communities and groups to a poorly equipped central administration. As a result, many developing countries are struggling to support cumbersome, centralized public bureaucracies that are unable to carry out service delivery and investment programs at acceptable levels of effectiveness.

The strategy paper reflected many of the lessons learned through AID's experience with development administration since the early 1960s. Among the principles that were to guide the Agency's technical assistance in development management during the 1980s were the following:

1. A stronger reliance on specific, incremental improvements in actual program performance as a supplement to, or instead of, reforms of national administrative structures.

The strategy paper pointed out the need to mobilize support from within organizations in order to enhance their effectiveness. Creating new organizations as a way of avoiding the obstacles of bureaucratic inefficiency in existing institutions would not lead to better managerial performance in developing countries. "Successful institutional change results from engaging the organization more directly with the people it serves and establishing a 'learning process' to design and implement programs that identify and address their needs," it declared (USAID, 1982: 8). "Innovations and improvements in field operations then provide the impetus for redesigning organizational structures and procedures."

2. A stronger focus on building administrative capacity and effective managerial performance at the middle and lower levels of government in developing countries, instead of simply providing assistance for development management to the central government and expecting improvements to "trickle down."

The strategy paper noted that AID had been trying since 1973 to promote decentralized public service delivery and investment that would more directly benefit the poor. The results of its studies and experience with those activities emphasized the value of local participation, the need for decentralized resource mobilization and

management, the need for lower cost service delivery arrangements, the value of linkages between local and central governments and the difficulty of achieving complex, multiple objectives in resource-poor countries. "The lessons of this experience should not be lost," the strategy paper declared. "Decentralized public services and investment must continue but they must be directed to middle and lower level institutional and management capabilities, in ways that foster production and self-help."

3. Less emphasis would be given to central coordination of government services in rural areas and more to ways of building decentralized organizational systems capable of delivering services locally.

AID would provide help in strengthening market incentives for service provision, and developing local government capability to coordinate central services in ways that respond more effectively to local needs.

4. Greater attention would be given to increasing the capacity of voluntary and non-governmental organizations to provide services and to assume a larger number of development functions, rather than relying on overburdened and weak public institutions.

5. More emphasis would be given to linking management training to job performance requirements in specific institutions in developing countries, and to linking management training with other forms of intervention to change organizational systems and incentives, instead of relying on general management training as a sole

solution to management problems.

6. Greater attention would be given to using Third World management institutes for job training, consulting, research and technical assistance in their own countries.

Within these guidelines, the strategy paper emphasized that AID's development assistance programs must remain sensitive to the issue of equity, both in terms of who is served by development institutions and who works in them.

The Office of Development Administration carried out the strategy through two large contracts under its performance management project. One was with the Development Project Management Center (DPMC) of the U.S. Department of Agriculture and the other with the National Association of Schools of Public Affairs and Administration (NASPAA). The two organizations were to provide AID with experts who could respond to requests for assistance with management improvement from USAID Missions and technical offices in Washington. They would also do applied research to refine their concepts and methodologies of project management. And they would disseminate the results of their applied research and technical assistance within AID and to developing countries. Both organizations had been working with the Office of Development Administration since the late 1970s on these tasks.

Process Intervention Approaches to Improving Management Performance

The Development Project Management Center (DPMC) devoted much of its attention to developing interventions for improving project and program management performance. The staff of DPMC relied heavily on the use of "process intervention" strategies and behavioral change methodologies, based in part on the "organizational development," or OD, approach to management improvement. Organizational development is defined in the management literature as "a process which attempts to increase organizational effectiveness by integrating individual desires for growth and development with organizational goals. Typically, this process is a planned change effort which involves the total system over a period of time, and these change efforts are related to the organization's mission" (Burke and Schmidt, 1971).

Usually, OD theorists use various forms of intervention to change group attitudes and values, modify individual behavior and induce internal changes in structure and policy (Golembiewski, 1969). Among the methods used are (Golembiewski, Proehl and Sink, 1981):

- 1) process analysis activities that attempt to increase understanding about complex and dynamic situations within organizations;
- 2) skill-building activities that promote behavior consistent with organizational development principles;
- 3) diagnostic activities that help members prescribe and carry out changes within the organization;
- 4) coaching or counseling activities that attempt to reduce or resolve conflicts within the organization;
- 5) team-building activities that seek to increase the effectiveness of task groups within the organization;
- 6) intergroup

activities that create or strengthen linkages among task groups within the organization; 7) technostructural activities that seek to build "need satisfying" roles, jobs and structures; and system-building or system-renewing activities that seek to promote comprehensive changes an organization's larger "climate and values."

The process of organizational development is usually initiated and guided by external "facilitators" who induce members of the organization to identify organizational or managerial problems, to analyze the problems and the forces within and outside of the organization that inhibit or promote change; to identify alternative managerial strategies, methods and techniques for overcoming their problems; to identify and diagnose the factors limiting change; to select the most appropriate strategies for improving organizational and managerial effectiveness; and then to develop processes for implementing the strategy (Gibson, Ivancivich and Donnelly, 1973). Heavy reliance is placed on job-related training in which groups from various levels in the organizational hierarchy participate in tasks that are designed to bring about behavioral changes.

The DPMC approach to improving management performance, however, attempted to improve upon and go beyond conventional OD approaches. It rejected the notion that there are generic management techniques that could be used by all organizations in developing countries to improve project and program implementation. But it did accept the idea that almost all

organizations have common or generic functions. It asserted that improvements in management performance could be brought about by identifying common management functions and establishing processes through which appropriate management techniques could be applied to improve an organization's ability to achieve its goals.

The generic management functions identified by the DPMC staff included: 1) having clearly stated and shared objectives; 2) having a consensus on the strategies and means for carrying out objectives; 3) having a consensus on roles and responsibilities; 4) having realistic implementation planning and support systems; and, 5) having operational guidance and adaptive mechanisms for policy and program modification and redesign. The DPMC approach used a process of intervention that would lead the staff to identify appropriate management technologies and apply them to the generic management functions in order to improve organizational performance.

In a background study for AID's Strategy Paper for Management Development, Ingle and Rizzo (1981: 2) defined the "performance improvement approach" as a "process whereby people in an organized activity seek to increase its effectiveness and efficiency." Among the means to attaining higher levels of efficiency and effectiveness they prescribed training and organizational changes focused on 1) goal setting, planning, problem analysis, feasibility analysis and decision criteria; 2) organizing, activity networks, scheduling, budgeting, monitoring and evaluation; 3) management team building, communication, conflict resolution, and group

decision making; 4) stimulating creativity, leadership, cooperation, participation, trust, willingness to experiment, self-confidence and self reliance; and 5) learning by doing, teaching by demonstration, transferring skills and values along with knowledge, coaching, group experiential learning, job-enlargement, motivating and incentives.

The basic concepts underlying this "performance improvement approach" or performance management process, as it was variously called, included (Ingle and Rizzo, 1981; Solomon, Kettering, Countryman and Ingle, 1981):

1. Intervening at multiple levels within an organization and training top executives, middle level managers and project staff in order to develop a shared commitment throughout the organization to management improvement.

2. Promoting self-initiated changes within existing organizations instead of trying to change organizational structures through external forces.

3. Attempting to encourage groups or teams within the organization to define and bring about needed changes in administrative behavior rather than trying to change individual behavior independently of the social processes operating within the organization.

4. Emphasizing the importance of the process--as well as of outputs-- through which managerial changes are made in the

organization.

5. Developing individual capacities through "action training," that is, by having participants apply newly learned skills and problem-solving methods to tasks that are acutally related to their jobs.

6. Training teams within an organization through a structured and accelerated process of learning in which they must identify organizational objectives and managerial problems and apply management techniques to increase organizational efficiency and effectiveness.

Much of DPMC's work also went into the training of trainers and consultants in the processes of performance improvement intervention and methods of action training. DPMC staff and consultants participated in more than fifty short-term assistance projects and four long-term projects by 1982. The long-term projects included helping the government of Jamaica improve its systems of project design and implementation; providing assistance with improving financial management systems in the Sahel; assisting with Portugal's Program for Agricultural Production; and helping the government of Thailand design a project management information system.

In the program in the Sahel, DPMC staff developed a set of operational requirements for selecting and training trainers and consultants in its "action-training" methodology. The requirements included (Solomon, 1983): 1) an ability to initiate a training

event by establishing and maintaining a supportive learning climate in which participants will be willing to take risk and demonstrate new skills; 2) the ability to lead a discussion that draws lessons from the training activities; 3) the ability to manage difficult cross cultural situations with sensitivity and tact, while still accomplishing the goals of the assignment; 4) the ability to write training plans that have clear behavioral objectives and specific methodologies for reaching those objectives; 5) the ability to respond in ways that will keep teams focused on their tasks and that will allow them to work together effectively; 6) the ability to present training materials in the local language; 7) the ability to give clear instructions to small task groups during simulated training exercises; and 8) ability to express appropriate attitudes toward the efficacy of training and organizational development in promoting economic and social change.

The action-training approach was used extensively by DPMC staff in a four-year project in Jamaica to create a Jamaican team of trainer-consultants in the Ministry of Finance.

Kettering (1980) drew from his experience in managing the training programs for project management in Jamaica the following lessons about the conditions that contributed to the success of the process intervention approach: 1) pressure for and commitment to change must be present at various organizational levels; 2) openness and flexibility should be encouraged; 3) a process of learning through follow-up and review mechanisms should become a regular part of agency procedure; 4) resources must be committed to

support this approach; 5) there must be benefits for those whose behavior is expected to change as well as for those who commit resources to the project; 6) security and continuity must be assured in order to promote long-term improvement; 7) meaningful participation should be developed; and 8) consensus on means and goals must exist or should evolve during the intervention.

AID's internal evaluation of DPMC's activities in performance improvement suggested that although the individual assistance activities were generally well regarded by the organizations to which help was provided, the Development Project Management Center itself needed a more effective long-range plan for its work so that its activities added up to more than a series of unrelated interventions in developing countries. Moreover, AID noted that the processes used by DPMC had been applied in very different situations and that it was not yet a proven procedure for bringing about organizational change. Therefore, DPMC would have to analyze its own experiences more systematically to learn what actual impacts the interventions were having on organizations in developing countries (USAID, 1982a).

#### Learning Process Approaches to Social Development Management and Bureaucratic Reorientation

The other major means by which the Office of Development Administration began to carry out AID's development management strategy was through a contract with NASPAA. During the late 1970s and early 1980s, NASPAA provided short term consultants for 32

assignments in developing countries in Africa and Central America and assessed training programs and management capacity of organizations in Sri Lanka, Pakistan, Tunisia, and Haiti (USAID, 1982a).

Although NASPAA pursued applied research into a number of topics, perhaps its most widely known work was that of David Korten--a field staff member of NASPAA assigned first to the Philippines and later to Indonesia-- into social development management, bureaucratic reorientation and the social-learning process. Korten's work with NASPAA came to be known as "people-centered" planning and management.

The basic tenet of Korten's argument was that the attempts by AID, other international assistance agencies, and most governments in developing countries to design projects and programs in detail in advance of implementation, using standardized and inflexible procedures (the "blueprint" approach), were ineffective in helping the poor. The project cycles used by international agencies were examples of preplanned interventions that did not allow designers and implementors to analyze or understand the needs of beneficiaries, or to allow beneficiaries to participate actively in the design and implementation of the projects. Thus, the projects and programs usually ended up being ill-suited to the needs of the poor. AID could not build capacity for sustained action using the "blueprint approach;" and even when projects were temporarily beneficial, the impacts rarely lasted long after the projects were completed. Indeed, Korten (1980) challenged the value of projects

themselves, as a temporary activities, in creating the kind of learning environment and flexible action needed to match the appropriate resources to the needs of poor communities and in building the long-term cooperative arrangements through which people could solve their own problems.

This approach to development management was based in part on the principles of community development, in part on theories of social learning, and in part on field assessments of successful local programs that were planned and managed in ways far different from AID's projects. However, Korten took the concepts beyond those underlying conventional community development in recognizing the weaknesses in "top-down" centralized planning, the need for bureaucracies to be more responsive and the necessity of planning and managing development activities through a process of social interaction, experimentation, learning and adjustment. Moreover, Korten focused on the need to develop "institutional capacities" to manage and learn at the same time. In addition, he saw projects as obstacles to learning because of their time-bound characteristics and emphasized the need to develop sustained capacity within organizations to engage in development activities over a long period of time. This, he argued, would require "bureaucratic reorientation."

At the heart of Korten's (1980: 497) work is the concept of learning process, in which programs are not planned in detail at the outset but only the strategy for mobilizing, using and sustaining local organizational capacity to solve problems is

preplanned. His work with the National Irrigation Administration in the Philippines and his study of similar "people-centered" projects in Sri Lanka, Bangladesh, Thailand and India led him to conclude that they were successful because they

were not designed and implemented--rather they emerged out of a learning process in which villagers and program personnel shared their knowledge and resources to create a program which achieved a fit between needs and capacities of the beneficiaries and those of outsiders who were providing assistance. Leadership and team work, rather than blueprints, were the key elements. Often the individuals who emerged as central figures were involved in the initial stage in this village experience, learning at first hand the nature of the beneficiary needs and what was required to address them effectively.

It was exactly this learning process that was lacking in the project and program planning and management procedures of most governments and international agencies, Korten argued, and for this reason they rarely fitted the needs and desires of the intended beneficiaries. Where the poor did benefit from such activities they tended to become more dependent on the donors rather than developing their own capacity to solve their problems through independent action.

Korten asserted that only a development program's goals and objectives should be centrally determined by those organizations providing technical or financial resources. Operational planning and management should be left to the beneficiaries and the field representatives (change agents) who worked in the places where the activities would be carried out.

An essential part of the learning process for managing social

development, Korten contends (1983: 14) is coalition-building. Change can be stimulated and sustained only when a coalition-- which cuts across formal lines of organizational authority and is composed of individuals and groups who are directly affected by the project or program or who have the resources to plan and implement it--can be formed to take responsibility for initiating and guiding action in innovative ways. Korten argues that

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. ... 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.

The result of coalition-building is empowerment, the enabling process that allows the intended beneficiaries of development programs and projects to exert a more positive influence on activities that will influence the direction of their lives.

Korten (1981) contended that such a learning process approach to program and project management would contain three basic elements: 1) learning to be effective in assisting intended beneficiaries to improve their living conditions or to attain other development goals; 2) learning to be efficient in eliminating ineffective, unnecessary, overly costly or adverse activities and in identifying methods that might be appropriate for larger-scale applications;

and 3) learning to expand the applications of effective methods by creating appropriate and responsive organizations to carry out development tasks.

In order to adopt a learning process approach, Korten and Uphoff (1981: 6) argued, government agencies and international assistance organizations would have to undergo bureaucratic reorientation. This would require changes in bureaucratic structure to allow organizations to manage development programs through social learning and to increase their capacity for people-centered planning and innovation. This would mean more than changing individual attitudes and behavior, "the more important part involves changes in job definitions, performance criteria, career incentives, bureaucratic procedures, organizational responsibilities and the like." They argued that just as governments must use a more participatory style of interaction with their clients, they would have to adopt a participatory process for achieving bureaucratic change.

More specifically, the elements of bureaucratic reorientation would include:

1. Strategic Management--through which organizational leaders view its role from a strategic perspective, always reassessing the organization's objectives in terms of the degree to which it is meeting its responsibilities for maintaining human well-being and initiating new learning processes to bring about bureaucratic reorientation and organizational change.

2. Responsive Reward Structure- in which rewards such as salary increments, preference for posting, promotion and the assignment of new responsibilities are provided on the basis of effectiveness in serving beneficiaries in ways that strengthen their capacity for self-help.

3. Flexible and Simplified Planning Systems--which are attuned to the needs of beneficiaries, facilitate their participation, and designed to allow the evolution of appropriate small-scale projects and programs through collaboration with them.

4. Results-Oriented Monitoring and Evaluation--in which procedures are designed to measure and assess the degree to which benefits reach and are effectively used by beneficiary groups rather than the funds expended or activities completed, and in which greater emphasis would be placed on continuous self evaluation by participants rather than periodic external evaluations.

5. Revised Personnel Policies which would a) promote more stable and longer term assignments of staff so that they could participate effectively in the learning process, b) require them to have substantial experience in social and organizational analysis as well as technical specialities and c) structure their assignments so that they had to work in multi-disciplinary teams and become conversant in local dialects and languages of the people with whom they were working.

6. Flexible Financial Management Procedures--that would provide

fairly predictable and stable funding levels over a long enough period of time to facilitate the learning process and that would allow the staff to elicit matching contributions of work and resources from communities.

7. Differentiated Structure--in which specialized units or services could be established to serve distinct client groups and which allowed specialization for tasks that serve special or unique needs of different groups of beneficiaries.

8. Participatory Training--that would teach organizing as well as technical skills and use participatory methods in which problem-solving and interaction abilities of the participants could be strengthened.

9. Well-Defined Doctrine--that would promote a widely shared understanding of the organization's mission in helping intended beneficiaries and from which the staff could clearly delineate their purposes and responsibilities in meeting organizational objectives.

10. Use of Applied Social Science--through which the organization could improve its capacity to gather and use data crucial to increasing its effectiveness in identifying and meeting the needs of its beneficiaries.

Korten (1982) cited the Community Irrigation Committee (CIC), which was set up through the National Irrigation Administration in the Philippines, as an example of how working groups could be used

as a mechanism for managing bureaucratic reorientation. The CIC evolved from a set of informal working relationships between the NIA and the staff of other agencies and organizations involved in irrigation projects. Membership was informal and voluntary. The CIC served as a coalition of committed individuals in which members assumed multiple leadership roles. It had access to financial resources that could be used flexibly. And it focused its attention on overcoming bureaucratic obstacles to effective field action. Effective action would bring benefits to local communities, stimulate innovations in service delivery, provide special training and technical assistance, promote policy changes, and allow innovations to be tested in pilot projects. "Careful documentation of the interactions of agency personnel with farmers provided a good understanding of needs from the farmers point of view and allowed for the identification of conflicts between farmer goals and agency policies and procedures," Korten (1982: 10) pointed out. "The goal was and is to learn from field level action and to adjust policies and management systems to the needs so identified."

Other research sponsored by NASPAA explored issues related to the social learning approach to development management. Pyle's (1982) study of factors influencing the success of small-scale community health projects in India indicated that they worked well because they were characterized by: 1) a "results" orientation in which objectives were clearly specified, the target groups were clearly identified, indicators of success were stated in terms of specific

outputs, work was performed through team activity, and training was task-oriented and job-related; 2) a high degree of dedication on the part of the staff that was reinforced by personnel practices that rewarded them for actions that led to the program's objectives; 3) arrangements that held both the staff and community accountable for achieving the projects' intended results; 4) a high degree of community participation in the design and implementation of the projects; and 5) flexibility to react to and redirect the project as conditions and needs changed and to delegate authority in ways that would allow managers to achieve objectives effectively.

Pyle contends that when these successful pilot projects were expanded or transferred to the government for replication, they often failed because the government agencies did not have these same characteristics and because the civil service attempted to implement them through rigid, inflexible and nonparticipative bureaucratic procedures.

Similarly, Gran (1983) attempted to identify the organizational arrangements and management practices that were used in 18 relatively successful health and community development projects. He assessed the cases in terms of management effectiveness, the mobilization of resources and delivery of services, spread effects and equity, and capacity building. He found a number of factors that helped to explain their success. Among the reoccurring themes were:

1. Committed people and their values mattered.

2. Social vision in the leadership was typical.
3. The organizations developed processes for continuous learning.
4. Organizations had respect for and learned from their clients and from their environment.
5. Decentralized structures and processes made such learning practical.
6. Organizations were relatively or completely autonomous from the larger environment.
7. The poor were involved in some sort of organization in which they felt some sense of ownership and responsibility.
8. In every case new and more participatory local organizations were developed.
9. Flexibility of process and procedures was reported in many ways.
10. Most of the cases started quite small and built organizational capacity layer by layer or region by region.
11. Creativity in funding mechanisms to multiply actual resources was common.
12. Group effort was more efficient and effective than social service programs aimed at individual poor.

Gran suggested that if development projects and programs were to be made more effective, they would have to be organized and managed in ways that would promote these characteristics.

The conclusions of NASPAA's research generated controversy both within AID and among outside critics. AID's evaluation of NASPAA's work notes that significant progress has been made in developing the concepts and ideas associated with "people-centered" planning and management, but that "progress has been slower [on] defining a methodology, identifying management techniques, determining a

strategy of bureaucratic reorientation, and developing training programs to prepare people for social development management" (USAID, 1982b: 49).

An assessment by the Harvard Institute for International Development pointed out that NASPAA's approach is based on a philosophy of development rather than on an empirical model. The theories derive from observations of development activities in a limited number of countries and in situations where a few people who strongly believe in the philosophy have worked closely with the agencies funding such activities.

Critics within AID and other international agencies, while often sympathetic to the underlying philosophy, point out that both the process intervention and social learning approaches shift the emphasis from the technical content of programs and projects, in which they have expertise, to a process of organizational intervention and community organizing in which most AID staff have little real capacity. Moreover, such an approach is difficult to operationalize in international assistance bureaucracies because they are accountable to Congress, the Chief Executive or their Boards of Governors who are usually unwilling to provide funds for activities that they cannot describe or for processes that are likely to produce results that they cannot anticipate or control.

Even when the staff of international assistance agencies agree that the ultimate results of aid should be to improve the lives of the poor, political and administrative constraints prevent them

from simply turning over control of funds to those groups or to intermediaries that cannot specify in advance either what will be done or what the results will be. Bilateral aid agencies cannot obtain funds if they claim only to be experimenting. Unless they can show specifically what must be done and what the impacts will be, they cannot compete effectively for budgetary resources with organizations that do claim a high degree of certainty for their projects.

Moreover, governments in developing countries are often reluctant to admit that they do not know exactly what needs to be done and that they are simply experimenting with approaches that may or may not lead to positive results. The blueprint approach may not achieve the intended results, but it presents an image of careful analysis, design and programming that is necessary to obtain the funds required to initiate and pursue technical solutions to development problems.

In a study for NASPAA that strongly advocated a "people-centered," learning process approach to social development management, Thomas (1983: 16-17) nevertheless noted other constraints to adopting it in developing countries. "The generation of power by communities and citizens' groups is frightening to political and administrative leaders. The idea of 'empowering' communities, regardless of the intentions or the anticipated development consequences, is received with skepticism or fear," he pointed out. Ruling elites in many developing countries simply do not have the political will to empower local

communities to pursue development activities over which political leaders do not have control. Moreover, there is deeply embedded in bureaucracies in developing countries "a self-perceived and socially reinforced need for certainty among planners and managers... ." Thomas contends that "many government agents are unable to tolerate the absence of direct control, of clear measures of efficiency and of rationally planned outcomes." In addition, the people-centered approaches are difficult to teach; the pedagogical style of universities and training institutes is to transfer objective knowledge. Finally, there are cultural constraints. In many societies that are hierarchical in structure, in which there are distinct social and bureaucratic classes and strongly enforced rules of behavior and interaction, and in which participatory practices are not highly valued, it is difficult to introduce people-centered management approaches.

Many of the lessons learned from applied research and technical assistance in development management were reflected in AID's 1982 Development Administration Strategy Paper, and in the Office of Development Administration's proposal (USAID, 1982b) for a six-year Performance Management Project, which was approved in 1983. The objective of the project will be to improve the management of AID-supported development projects and programs. The DPMC and NASPAA will consolidate knowledge about alternative ways of improving project and program management performance and disseminate the information to USAID Missions; develop and test improved management technologies for "people-centered" program

implementation and for transforming project and program plans into results; and do research on financial management in AID-assisted organizations, on the use of micro-computers in program planning and implementation, and on integrating economic and social soundness analyses in project and program design. They will also seek ways of improving the intervention techniques of consultants engaged in promoting organizational change.

Both organizations will also use demonstration projects to refine their methodologies and management techniques under actual field conditions and disseminate the knowledge gained through them; provide technical assistance to eight management support organizations in developing countries in adopting and using methods of improving management performance; provide short-term technical assistance for projects and programs being planned or implemented by USAID Missions; and, offer field management training programs in developing countries.

Both DPMC and NASPAA will attempt to extend the concepts and management techniques that emerged from their previous work and to make them more operational.

In early 1984, both organizations began an extensive research program. State-of-the-art studies will be commissioned on appropriate approaches and techniques for improving development program management; strategies of managing organizational change, training strategies for increasing managerial effectiveness; and, the roles of training institutes in developing countries in

improving management performance. In addition, technical studies will be commissioned on alternative approaches to implementing programs of management improvement, on ways of integrating social, economic and technical factors in program and project design; on the role of consultants as "change-agents" in developing countries; on financial management improvement experiences in the Sahel region of Africa, and on methods and techniques that have proven successful in managing "people-centered" development programs.

## CHAPTER SIX

### CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

This review of AID's experience in providing development administration and management assistance indicates clearly that the Agency's concepts of development administration and its approaches to development management have changed quite drastically over the past two decades. Much of the change has been evolutionary. It has been based in part on changes in AID policies and priorities, and in part on the accumulation of knowledge. Evaluations have found that some approaches to and methods of development management assistance were not effective in developing countries; others seemed to contribute to greater managerial capacity and more successful projects. A strong consensus has emerged among those who have worked with the Development Administration Division that changing conditions and needs in developing nations require new forms of intervention.

#### Changing Trends in Development Management

During the 1950s, AID's development administration assistance was focused primarily on transferring managerial techniques and organizational structures that seemed to be successful in the United States to developing countries. The aim was to create rational, politically impartial, efficient national bureaucracies in the Weberian tradition. AID invested heavily in establishing

institutes of public administration in developing countries that would teach "modern" methods of management and through which the techniques and tools of Western administration would be disseminated.

During the 1960s, the emphasis shifted from merely transferring the tools of American public administration to promoting fundamental political modernization and administrative reform. Development administration was viewed as a process of social engineering in which national governments assumed the primary role of stimulating economic growth, promoting social change and transforming traditional societies. Much of AID's assistance was focused on finding ways of overcoming obstacles and breaking bottlenecks to development, especially through improving the management of agricultural, population planning, small-scale industrial, and community development projects, and through educational reform, land redistribution and tenure reform, and road and infrastructure construction. A great deal of attention was also given to institution-building as a way of strengthening the administrative capacity of organizations in developing countries to promote and institutionalize change. AID and other assistance organizations spent large amounts of money to bring people from developing countries to the United States for professional education in American schools of public administration and political science, and to strengthen the capability of foreign institutes of public administration as instruments of institution-building in their own countries.

Both the "Point Four" technology transfer, and the political modernization and administrative reform, approaches to development administration came under increasing criticism during the late 1960s and early 1970s for being ethnocentric and for attempting to transplant Western concepts of administration that were often irrelevant or inappropriate in developing countries. The "tool-oriented" approaches had transferred techniques that merely attempted to increase efficiency in carrying out routine maintenance tasks and did little to help policy makers and administrators to cope with the complex and uncertain problems of change in their own political and cultural environments. The administrative reform and institution-building approaches were often based on abstract theories that were difficult and expensive to implement. Assessments of attempts to implement them in a number of developing countries found that they often had little impact on stimulating change or restructuring administrative practices and behavior.

During the 1970s, AID's development administration assistance was refocused on improving systems management in agriculture, health and nutrition, population planning, and education and human resources development sectors. Attention was given to modelling sectoral systems and providing technical assistance and training to improve management practices. AID's applied research, technical assistance and training also heavily emphasized the management of projects as an integrated system or cycle of activities, and AID invested heavily in adapting project management systems used in

U.S. organizations to the needs of developing countries.

With Congress's "New Directions" mandate to focus U.S. foreign assistance on the needs of the poor majority in developing countries, AID's development management activities were again redirected. They sought not only to expand the capacity of organizations to manage projects and programs efficiently, but also to bring about a more equitable distribution of benefits. Greater attention was given to ways in which governments might alleviate the high levels of poverty in rural areas, elicit participation of the poor in project planning and management, and design projects to distribute benefits more effectively to "target groups." They attempted to organize projects to make them more appropriate to conditions in developing nations so that the benefits could be sustained after projects were completed (Rondinelli, 1984).

More emphasis was placed on improving the capacity of public agencies to respond to the needs of the poor, by providing basic services and facilities that would stimulate productivity and raise the incomes of disadvantaged groups and by creating conditions in which community, private and voluntary organizations could take a stronger role in "bottom-up" processes of development planning. Means were sought to help development institutions cope more effectively with the complexity and uncertainty of development activities. The focus of training shifted from transferring "objective knowledge" to promoting action-oriented, organizationally-based, skill-building in which on-the-job instruction, problem-solving and behavioral changes were

emphasized.

During the early 1980s, AID further focused its assistance on promoting policy changes in developing countries, on transferring appropriate technology to increase productivity and raise the incomes of the poor, on promoting private enterprise as an alternative to direct government provision of goods and services, and on institutional development as a way of increasing the capacity of a wide variety of private, voluntary and local organizations to participate in development. It sought to increase the capacity of central governments to strengthen the managerial performance of sub-national institutions in program and project planning and implementation. Substantial investments were made in developing and applying process interventions for improving managerial performance and bringing about long-term organizational development. Applied research and technical assistance were also focused on ways of reorienting bureaucracies in developing countries to make them more innovative and responsive to the needs of beneficiary groups. A learning-process approach emerged as a major strategy for managing social development programs and reorienting bureaucracies toward implementing "people-centered" development activities more effectively.

#### The Emerging Challenges in Development Management

The most important tasks that AID faces during the 1980s is of finding ways of refining and implementing process intervention and social learning approaches to improving management performance and

of strengthening institutional capacity for development. A review of AID's experience with development management over the past two decades indicate quite clearly that the current strategy itself evolved from a long process of experimentation and learning, and from attempts to adjust to and support changing policies of foreign assistance.

The current thrusts of AID's development administration strategy seem to be based on knowledge and experience accumulated over the past thirty years. Although there have been, and inevitably will continue to be, debates over how "rigorous" and "scientific" AID's research has been, and over the implications of the findings, there seems to be a substantial amount of consensus among the Development Administration Division's contractors and advisors about which approaches and techniques of management improvement and institutional development are most appropriate for improving people's capacity to help themselves.

A crucial factor in the Development Administration Division's success in refining and applying the current development management strategies will be the degree to which the philosophies underlying them become more widely acceptable within the Agency. The strategies clearly reflect the belief that the primary beneficiaries of assistance projects and programs should be the people of developing countries, and that AID's own project management procedures should be aimed at creating and sustaining the capacity of people to help themselves more effectively.

However, projects and programs aimed at building local capacity for self-sustaining development often require an approach to development administration that is not easily promoted through AID's own procedures, which tend to be "blueprint" and control-oriented. Moreover, AID still operates in an environment in which foreign assistance is seen primarily as an instrument of achieving the goals of United States foreign policy and of transferring American-made goods and technical expertise.

Although strong and valid arguments can be made for both perceptions of the role of foreign aid, these two philosophies are not always compatible. Differences in philosophy underly much of the debate over the "learning-process" approaches to development management.

Moreover, the perception that AID's comparative advantage is in the transfer of American technology and expertise is still strong within the Agency. The belief that it is the application of new technologies that lead to major economic and social changes, and that administrative or managerial improvement is either incidental or something that will come about through technologically-led development, is still pervasive in AID. In many ways, the process intervention and social learning approaches to management improvement contradict the assumption that technology transfer will always solve development problems and that American experts always know what needs to be done to improve the living conditions, increase the productivity and raise the incomes of people in developing countries. AID's project cycle, and its emphasis on

detailed planning and design of projects prior to their approval, clearly reflect the "engineering" approach to development that was characteristic of the physical construction projects that AID sponsored through much of its early history.

This is not to say that the concept of foreign assistance has not changed within AID since the Point Four period. It has. Nor is it to imply that AID's procedures of project and program management are so inflexible as to prevent the introduction and testing of new ideas. As this report clearly states, AID has been a leading sponsor of research into new ideas in development management and has provided opportunities to test those ideas in its projects and programs. Yet, there is also a wide gap between the findings about how projects and programs should be designed and managed in order to build the capacity of people in developing countries to help themselves, and the procedures that AID actually uses to design and manage the vast majority of the projects that it funds.

#### An Agenda for Future Research and Development Activities

Assuming the acceptance of a "people-centered" philosophy of foreign assistance and development management, the Development Administration Division will, in the future, have to support on a rather large scale the refinement and testing of current concepts and techniques of management performance improvement and institutional development. As nearly all of its applied research over the past five years has indicated, there are still large gaps in knowledge about how to improve management performance in

developing countries. The Management Performance Project, described earlier, is now beginning to address many of these issues, but others will require a great deal of attention before learning approaches to development management are made operational.

Among the most important research tasks are the following:

1. Refining the definitions of management performance and improvement, and of institutional development, in the wide range of cultural and political settings in which AID operates.
2. Identifying the conditions under which management systems and control techniques are effective in improving project and program implementation and those under which learning process and "adaptive" forms of administration are more appropriate.
3. Defining the role of informal and inter-organizational processes of social interaction in development program and project implementation.
4. Developing and testing appropriate research and evaluation methodologies and selecting appropriate "rules of evidence" for assessing the effectiveness of various management approaches.
5. Finding means or making the "learning process" approaches to management improvement more operational within the constraints in which AID must work.
6. Assessing the effectiveness of institutional alternatives for implementing projects and programs in AID's priority sectors.
7. Applying more effectively the principles associated with "local action" and determining how to strengthen decentralized administrative arrangements in support of local action.
8. Identifying and testing means of increasing bureaucratic responsiveness in institutions implementing AID projects in developing countries and of increasing AID's own capacity to respond more effectively to the wide range of conditions within which it must work in developing countries.

The remainder of this chapter will explore each of these issues in more detail.

1. A substantial amount of work needs to be done on refining the meanings of "management performance," "performance improvement," and "institutional development," and on establishing criteria for determining and measuring improvements in managerial capacity.

As the foregoing review indicates, the concept of development administration has changed drastically over the past thirty years. Different participants in the development process have, and continue to hold, quite different views of what institutions in developing countries should be doing to bring about economic and social development. The concept of management performance can be defined in many ways--as efficiency, effectiveness, responsiveness, or innovativeness, for example--and can be measured by a wide variety of indicators. There is a danger of simply assuming a Western-rationalistic view of management performance and ignoring the fact that it may well be perceived, defined, and measured differently in other societies, cultures and political systems. Thusfar, AID's contractors have used a rather vague definition of management performance improvement. It may be so broad as to be meaningless, either for their own research or for formulating strategies of intervention in other, widely differing, societies and cultures.

More refined definitions of what management performance means might be generated through empirical and inductive studies of the countries in which AID is providing assistance and among groups

with different interests and perceptions within those countries. After more refined meanings of the terms are identified, measures or indicators must be developed that will allow AID and the organizations it assists to determine whether or not AID's interventions are in fact improving management performance.

2. Additional research and testing need to be done on the conditions under which management systems and control techniques are effective in improving project and program performance, and those under which the learning process and "adaptive" forms of administration are more appropriate.

Two strong streams of management intervention are now being explored and used by AID: one that tends to rely heavily on improvement of management systems and controls and the other that attempts to apply learning process and "adaptive" methods of organizational change. Although the two are not necessarily mutually exclusive, they differ in their underlying philosophies, basic assumptions, methods, techniques and intended outcomes. AID's own project management system--reflected in the PBAR cycle and in Handbook 3--is oriented toward the management systems and control process. As Herr (1982) has pointed out in his study of project management methodologies for DPMC, AID's approach to project management, and those that it often prescribes in its training and technical assistance activities, tend to be top-down in orientation, focused primarily on the project as an instrument of development administration, concerned with the internal operations of individual projects, derived from "engineering"

methods used primarily in infrastructural and physical development investments, and aimed largely at achieving efficiency.

Yet, Korten and others who prescribe the learning process approaches question whether these assumptions and methods are the most useful in implementing programs effectively to achieve self-reliant and self-sustaining development. Rondinelli (1983: 75), examining AID's evaluation reports, has argued that in a large number of cases control-oriented management systems are neither efficient nor effective in dealing with complex, uncertain and risky development problems. He points out that

attempts at comprehensive planning and control-oriented management generated unintended side effects that detract from the efficacy of international development projects. Attempts at systematic planning and management may result in costly but ineffective analysis; and also in greater uncertainty and inconsistency; the delegation of important development activities to foreign experts not familiar with local conditions; inappropriate interventions by central government planners; inflexibility; and unnecessary constraints on managers. Failure to include intended beneficiaries in the design and implementation of projects and reluctance to engage in the detection and correction of errors are also consequences frequently encountered.

In a study for the AID-sponsored PASITAM project, Stout (1980) makes a strong distinction between "management" and "control." Control, he argues, involves the use of methods and techniques within organizations to structure events or outcomes and to ensure that activities are in conformance with predetermined plans and decisions. Management, on the other hand, is the mobilization of knowledge and resources to cope with uncertain and dynamically complex problems, the consequences of which cannot be easily

predetermined. He contends that although all organizations have a need for both management and control, the essential role of managers is to judge when each is appropriate and to maintain the proper balance between them.

Stout (p. 6) claims that "there is an inverse relationship between the ability to control and the necessity to manage. A controlled situation is a closed set: there are well-defined objectives and the means to realize them. But management is needed in an unregulated task environment that is risk-bearing and problematical. Managers must seek solutions to problems that threaten organizational capacity. Management is an experimental process... ." A good deal of evidence from AID's own project evaluations and from the foregoing review suggests that most of the problems with which the Agency and governments in developing countries deal are complex, risky and uncertain. They are rarely amenable to control through more rigorous or detailed management systems.

Stout (p. 151) begins to provide guidelines for distinguishing between situations in which control and management are most appropriate. He suggests that tasks be divided into those that are primarily concerned with development--i.e., that are ill-structured, risky, uncertain and in which knowledge is limited--and that must be managed in a flexible, experimental and adaptive way; and those that are primarily concerned with production--i.e., that are routine, well-structured, in which there is a high degree of consensus on values and goals and in which

knowledge is well developed--and that can be dealt with through more effective controls. Applying the wrong management approach not only increases ineffectiveness and inefficiency, but leads to adverse consequences for both the organization and those who are affected by its decisions and actions.

Along the same lines, Montgomery (1980) makes a useful distinction between conditions under which management systems and controls can improve the delivery of routine services for the general public and those that require new and unconventional approaches to reach "special publics" and groups of the poor who are usually excluded from services needed to raise their incomes and standards of living. In general public service delivery projects--such as those providing utilities, physical facilities, and infrastructure--management systems and control techniques are more likely to be useful in improving management performance. The methods of analysis for decision-making can be investment-oriented. Engineering, technical and economic expertise can be useful. The primary tasks of management are "to develop suitable routines for continuing service and impact." The organizational structures most appropriate for providing such services are government agencies and ministries, parastatal organizations, public corporations and special authorities. Management performance can be evaluated by the organization's record in providing services at acceptable costs--that is, by efficiency criteria.

But, projects aimed at providing a wide range of social

services--such as health, education, and family planning--and at helping special groups that have been excluded or by-passed because they live in peripheral areas or lack sufficient income to pay for services, must be managed by more flexible and adaptive means. Montgomery argues that numerous small-scale projects based on careful diagnoses of local needs and conditions are likely to be more effective than large scale general purpose projects. Implementing numerous small and carefully tailored programs and projects requires new and different approaches to management. Decisions cannot be made by investment criteria. They must be guided primarily by recurrent social analysis and feedback--what Korten calls a learning process and what Rondinelli (1983) terms "adaptive administration." The expertise of the social sciences is needed. The methods of diagnosis must be participative and interactive. The primary implementation task in these projects, Montgomery argues, is to "develop procedures for maximizing public use and responses;" and management performance is measured by "progress in meeting changing special public needs."

Although government agencies are still required to play an important role, dealing effectively with special publics or particular subgroups of the poor requires different procedures, attitudes and behavior than is usually found in control-oriented bureaucracies. Special incentives must be given to administrators working in remote areas or among the poorest. The "cognitive distance" between government officials and the poor must be reduced through careful personnel recruitment and training. Moreover,

paraprofessional staff, voluntary agencies and organized special publics themselves may be more effective in reaching the poor than government bureaucracies. The most valuable function that government agencies can play in such situations is not to provide services directly, Montgomery contends, but to offer administrative resources in support of the work of more appropriate and effective organizations; that is, of extending their reach through unconventional means.

Much of what AID has learned through its research into local action, integrated rural development and learning processes can be used effectively to manage projects and programs of this kind. However, an essential condition for using the management systems and learning process methods that have already been developed in AID will be to identify more systematically the range of situations in which each can be effectively applied. Further research and field testing are needed to determine their uses and limitations in the wide variety of settings in which AID works.

3. Much more research needs to be done on informal and inter-organizational processes of social interaction in development program and project planning and implementation.

Much of the attention of the Office of Development Administration's contractors has been focused during the last five years on building a case for social learning and management systems

improvements as the preferred methods of institutional development. But little attention has been given to the processes and patterns of social interaction through which groups and organizations form the coalitions that allow action to be taken. Evaluations of development activities in a large number of developing countries indicate that informal processes of social and political interaction play a crucial role in the formulation of development policies, programs and projects. Indeed, they may play a far greater role in influencing implementation than formal planning and management systems (Cleaves, 1974; Caiden and Wildavsky, 1974; Gordonker, 1976; Grindle, 1977, 1980; Rondinelli, 1981; Bromley, 1981).

These and other studies also seem to indicate that many of the most successful administrators and institutions rely on various processes of informal and social interaction, either in place of or to supplement formal management processes. They often use quite subtle and sophisticated methods of persuasion--information dissemination, public education, public relations, training, psychological field manipulation, consultation and advisory processes--to influence other organizations in decision-making. Studies have also shown the widespread use of what Lindblom (1965) calls methods of "mutual adjustment" such as tacit coordination, mediation of rewards and punishments, informal bargaining, negotiation, cooptation, coalition-building, pre-emption, authoritative prescription and various forms of coercion.

Lindblom (1965) suggests that processes of mutual adjustment are

used most frequently, and are perhaps most valuable, under conditions in which it is politically difficult to define policy and program goals clearly, examine all alternatives exhaustively, identify socially optimal courses of action, and plan the implementation of policies and programs in detail. They are used most frequently under conditions in which groups and organizations have different goals, values, interests or perceptions of the proper courses of action to follow and in which these differences cannot be reconciled simply through central control and coordination.

These are precisely the conditions that prevail in many countries where AID is funding projects. Yet, virtually no attention has been paid to these common forms of interaction through which managers and institutions pursue their interests without central control and coordination. Consequently, little is known about how important these processes are in relation to formal management techniques or organizational structure in influencing management performance and institutional development, or the degree to which they are used in conjunction with formal methods of management to implement projects and programs in developing countries. Clearly, they will become more important if AID is successful in its goal of strengthening institutional capacity for decentralized decision-making and administration.

In any case, AID's research and training have ignored a whole set of informal inter-organizational patterns of interaction and focused almost exclusively on formal, intra-organizational,

management practices. Yet, the success of the learning process approach would seem to depend quite heavily on a better understanding of how groups and organizations interact informally with each other to achieve their objectives.

Applied research on this issue should attempt to identify and describe the processes of organizational interaction that have most frequently been used in AID project and program management, analyze the impacts of such processes on the effectiveness of project and program management; analyze the conditions under which various interaction processes can be used effectively either as substitutes for or as supplements to formal management techniques; and explore the implications for training administrators in methods of mutual adjustment in project management and program implementation.

4. More attention must be given to developing appropriate methodologies for the different types of applied research that AID sponsors and to identifying appropriate "rules of evidence" for comparing the impacts of technical assistance activities.

A debate has taken place within AID in recent years over the "rigor" of the applied research it has commissioned and the rules of evidence it has used to compare the outcomes of its development management assistance activities. The debate has often centered around the question of replicability--that is, whether the research and technical assistance are sufficiently well structured and scientific enough to stand the scholarly test of replicability (two or more competent researchers are able to come up with the same

results when observing the same phenomenon) on one hand, and the pragmatic test of replicability (yielding results that allow widespread application of the projects) on the other.

At one extreme, some critics argue that AID's applied research and field tests should be based on scientific methods, such as those used in the physical sciences, in which experimental and control groups are established to determine definitively the effects of management interventions. The objection to this argument is that AID rarely, if ever, funds projects that allow scientific experiments to be carried out. Rarely can projects be designed and controlled sufficiently to allow the impacts of interventions to be isolated and measured precisely. Strong arguments have been made recently that such research--or even rigorous social science variations of scientific methods--usually yield results that have had little or no influence on public policy-making (Lindblom and Cohen, 1979; Wildavsky, 1979). It is more often the long accumulation of both "scientific" and "ordinary" knowledge, combined with the personal experience of those who participate in public policy-making, that leads to changes in policy and action.

At the other extreme, there are those who contend that scholarly standards of research and evidence are irrelevant to AID's needs. AID does not usually sponsor pure or original research. It most often sponsors "state of the art" studies that review the findings of original research and distill the implications for AID policy and technical assistance. Others contend that if the learning

process is indeed the most effective approach to management improvement, each new development activity would be planned to meet the unique requirements of the intended target groups. Thus, AID should not be concerned with replication in the conventional sense, since it is unlikely that the conditions under which a project was successful would ever again be exactly the same. The major objective of a learning process approach is not replication, but discovering how to tailor projects to the specific needs of different groups of people. The objection to this argument is that even state-of-the-art papers should use a systematic and acceptable framework for deriving conclusions and policy implications, and that the learning process itself must compare seemingly unique experiences in order to arrive at more generally applicable lessons.

The methods of research and rules of evidence that are most likely to be useful to AID fall between these two extremes. AID has never shown much interest in "pure research"--Missions often complain that scholarly research is costly, time consuming, abstract, and usually neither addresses the issues of immediate importance to them nor yields "action-oriented" policy and program implications. At the same time, even AID's most pragmatic field staff are unlikely to be convinced to adopt new methods and techniques of management improvement without some evidence that they will work.

The Development Administration Division must seek methods of applied research that both meet minimum standards of academic

acceptability, if the findings of its work are to be considered legitimate, and satisfy the demand for "action oriented" implications, if they are to be used by USAID Missions and governments in developing countries. The challenge will be to promote an acceptable level of "rigor" in its applied research without inducing "rigor-mortis."

Recent recommendations by Warwick (1983) that AID adopt quantitative social science research methods, come close to those made during the 1960s that AID adopt systems analysis procedures for its research, sector studies and project programming. Attempts at using systems analysis models or quantitative statistical techniques for research and evaluation in AID during the late 1960s met many difficulties and were strongly criticized within the Agency a decade later. Evaluations indicate that there were severe difficulties in obtaining adequate and reliable data, that analysts often had to use inaccurate, unrealistic or greatly simplified assumptions to fit the needs of the research designs, that few of the USAID Mission staff or the policy-makers in developing countries understood either the research methods or the significance of the findings, that they were costly and time consuming and that they had little real impact, except in a few unique cases, on influencing program and project management (Rice and Glaeser, 1972). Moreover, these suggestions that AID use rigorous social science methods might shift allocations for research to the very kinds of work that Lindblom and Cohen (1979) claim have not been very useful in other Federal agencies.

Bryant, White, Shields and Borden (1983) contend that an "Integrated Participatory Evaluation Process"--in which quantitative and qualitative data are used in combination, in which various approaches to research are selected to make best use of the data that are available, in which the beneficiaries are active participants in the evaluation process and in which the objective is to learn practical lessons from the activities being studied--is more appropriate for work that the Development Administration Division is now doing.

In any case, Montgomery (1983: 295) correctly insists that arguments over "pure" and "applied" research are meaningless in AID. He suggests that contracted research instead be structured with a "decision- overlay" in which the following kinds of questions be asked: "Does a given element of knowledge or new insight contribute to improved policy? More precisely, what are the potential uses of a given research output in a specific context in which AID operates? How would the knowledge produced by a research contract (1) change a preference or style of operation of an individual or group whose behavior is relevant to AID's mission? or (2) reaffirm a doubtful or challenged preference or style of operation for such decision makers?"

Montgomery recommends that research be structured in a way that is useful to the four major "actors" in AID activities: 1) AID's Washington personnel; 2) USAID Mission staff; 3) national government counterparts who receive U.S. assistance and are responsible for allocating resources to and supervising development

programs; and, 4) project managers and their staff who are responsible for operating decisions.

A good deal of confusion might be avoided by AID and its contractors if the Development Administration Division-- and other technical offices as well--made it clear that the "state-of-the-art" papers that it commissions are really policy analyses rather than scholarly research. The intention is not to commission original "pure" research but to derive from scholarly research and field experiences lessons that are useful for policy and program formulation and implementation. Although good policy analysis shares some of the same characteristics as good scientific research, the two differ in significant ways.

Wildavsky (1979: 397-398) argues that the purpose of policy analysis is to help various groups to understand and cope more effectively with their own problems through social interaction. As such, policy analysis is a craft and not a science. "Craft is distinguished from technique by the use of constraints to direct rather than deflect inquiry," he points out, "to liberate rather than imprison analysis within the confines of custom."

Wildavsky considers good policy analysis as that which compares alternative programs or courses of action by both their resources and objectives, and considers foregone opportunities; focuses on outcomes and asks "what does the distribution of resources look like, how should we evaluate it, and how should we change it to comport with our notions of efficiency and equity?" Good policy

analysis, he contends, is tentative--"it suggests hypotheses that allow us to make better sense of our world;" promotes learning by "making errors easier to identify and by structuring incentives for their correction;" is skeptical and therefore uses multiple and disaggregated verifying processes; and "hedges its recommendations with margins of sensitivity to changes in underlying conditions." Finally, Wildavsky argues that good policy analysis examines problems in their historical contexts "so that error stands out ready for correction." Effective policy analysts remember people, "the professionals in the bureaus who must implement the programs as well as the citizens whose participation in collective decision-making can either be enlarged or reduced by changes in the historical structure of social relationships."

The approach to policy analysis that Wildavsky describes seems most appropriate for the development management improvement methods that the Development Administration Division is using, for it attempts to combine cognitive problem-solving and social interaction. "A focus on cognitive problem-solving alone uproots man from context, viewing objectives as derived from personal experience rather than social structure," he warns. "Social interaction by itself accepts rather than corrects social relations." Policy analysis is most powerful and useful when it integrates the requirements of cognitive problem-solving with those of social interaction.

If the Development Administration Division is serious about improving management performance through learning process

interventions, a major challenge will be to refine and operationalize this form of policy analysis as its primary research framework.

5. Much more work needs to be done on making the "learning process" approach to development management more operational within the constraints in which AID must work.

The research sponsored by the Development Administration Division over the past decade into learning processes has yielded a rich agenda for further applied research and produced numerous ideas that require field testing.

Bryant, White, Shields and Borden (1983: 38-39) point out, for example, that if AID is to make the process intervention and learning approaches operational, much more applied research must be done on: a) processes of organizational learning and adaptation --to determine how changes actually are made in organizations in developing countries; b) the transferability of organizational change processes--to determine their applicability in other environments; c) ways of integrating the insights and experience of managers of development programs and projects into the process of external evaluation; d) ways of eliciting the participation of beneficiaries in evaluations of development projects and programs; e) the influence of organizational and managerial factors on the ability of managers and organizations to use social learning

processes effectively; f) the relationships between technology and organizational behavior in rural development-- that is, the degree to which the introduction of new technologies such as micro-computers will in fact change administrative behavior and improve managerial performance; g) the influence of leadership styles and culture on managerial performance and institutional development; and h) mechanisms for linking local level organizations with national and international organizations in improving management performance.

6. The effectiveness of alternative organizational arrangements and institutions for implementing projects and programs in AID's priority sectors must be analyzed and assessed.

Research into organizational and institutional alternatives to central government implementation of development activities also requires serious attention if the Development Administration Division is to implement successfully its management performance improvement strategies. Substantial evidence shows that central bureaucracies may not be the most effective organizations for implementing many projects that depend on private sector participation or local action. Yet a large number of AID's institution building projects have, in the past, focused exclusively on central bureaucracies. A recent review (Barnett and Engel, 1982) of AID's portfolio of 659 institution building projects that were implemented over the past two decades found that

64 percent involved national ministries or agencies, and that the large majority of these provided assistance to national economic development and agriculture ministries and to central planning agencies. Only about one-third of the projects in the portfolio attempted to build the capacity of subnational and nongovernmental institutions.

As Moris (1984) notes in a recent working paper for AID, much more must be known about the appropriateness of a wide variety of institutional and organizational arrangements, especially for promoting rural development. Many of AID's projects and programs depend primarily on a national government ministry, a parastatal corporation or a central rural development committee for implementation, many of which were neither effective nor appropriate. He suggests the need to explore a wide range of institutional alternatives including public corporations, educational institutions, multinational firms, indigenous enterprises, voluntary agencies, cooperative organizations, local administrative units, and government field agencies. Little systematic research has been done on determining the advantages and disadvantages of these institutions under different local conditions and on developing criteria for appropriate "institutional choice."

7 In order to apply effectively the principles of local action and responsive management, AID must examine ways of strengthening decentralized administration.

An issue that has only been given sporadic attention in AID is the crucial question of what conditions are necessary to create decentralized systems of administration to support local action. Recent research (Rondinelli, 1981, 1983; Cheema and Rondinelli, 1983; Rondinelli, Nellis and Cheema, 1983) indicates that developing countries have experimented with a variety of decentralization programs--deconcentration, delegation, devolution and privatization--with mixed results. A number of political, economic, behavioral and administrative factors have been identified as essential conditions for achieving successful decentralization, yet little work has been done within AID on identifying ways in which applied research, technical assistance and training can be used more effectively to help institutions in developing countries to create those conditions.

Moreover, research on decentralization indicates that an essential factor in its success is the ability to create cooperative arrangements between central and local institutions and to reorient central bureaucracies from their traditional tasks of controlling and directing development programs to supporting and facilitating local action (Leonard, 1983). More research needs to be done in AID on ways of strengthening the "central-local interface" within the governments of developing countries.

8. Means must be found and tested of increasing bureaucratic responsiveness in implementing AID projects and programs both within developing countries and AID itself.

Finally, there are a number of issues that are crucial to improving management performance and using a learning process to reorient bureaucracies in becoming more adaptive, responsive and innovative. Much of the research and evaluation reviewed in this study indicates that AID's own project cycles and procedures need to be made more flexible and that USAID Missions must become more responsive to social, economic and physical needs of the intended beneficiaries of AID projects.

A vast array of issues must be addressed in attempting to reorient bureaucracies in developing countries. Among them are the following (Rondinelli, 1983): a) finding means of adjusting planning and management procedures in development institutions to the political environment in which they must operate; b) assessing and developing "market surrogate" approaches to delivering services so that the poor are not entirely dependent on central government agencies; c) identifying and developing criteria for assessing local conditions and choosing appropriate institutional arrangements for delivering services in rural areas and to the urban poor; d) refining methods of "adjunctive planning" and strategic management to fit the needs and conditions in developing countries; e) identifying and developing better managerial procedures for error detection and correction within development institutions; and, f) testing new incentives for encouraging administrators in developing countries to be more innovative and responsive in dealing with beneficiaries and clients.

### Conclusions

In sum, although much has been learned over the past 30 years from AID's research, field assistance and training about the effectiveness of alternative approaches to development administration and management, much still remains to be learned. Development is still an uncertain, complex and risky venture, characterized by rapid change and extreme diversity. The task of improving development administration must be approached with realism, flexibility, and, above all, humility.

Perhaps the most important lesson that can be derived from a review of AID's experience with development management assistance is that, like Wildavsky's concept of policy analysis, management too may be neither a science nor an art, but a craft. Useful procedures, tools and techniques can be taught and applied, but alone they no more allow a manager to achieve better administrative results than they enable a sculptor to carve a more beautiful statue or a cobbler to fashion a more comfortable pair of shoes. If management is really a craft, then tools and techniques are only effective if they are combined with skill, creativity and experience. But while the lessons of past experience can be useful in guiding action in the future, they must not be seen as universally applicable rules that invariably lead to success. The manager, like the craftsman, must know intimately the materials with which he or she works, have access to the proper resources, operate in an environment in which his or her work is valued and

rewarded, have the skill and imagination to use known methods and techniques appropriately and creatively, and have the experience and judgment to fashion new tools as the need arises. Some aspects of a craft can be taught or improved with expert assistance, but lasting improvements in performance depend ultimately on the commitment, motivation and perseverance of the craftsman.

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