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DEVELOPMENT MANAGEMENT IN AFRICA

Report of a Workshop in Preparation for The
Development Management Impact Evaluation Series on
Agricultural Projects in Africa

Sponsored by
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PREFACE

> A common problem for most development projects is a lack of developing country 'capacity to manage.' Frequently, however, this problem has been identified without understanding what 'capacity to manage' means or what solutions are possible for enhancing LDC capacity to manage the development process. CDIE is undertaking a series of impact evaluations to provide a better understanding of project management problems and to assess the impact of some management interventions through which AID had tried to enhance and build that management capacity.
>
> Memorandum from Haven North, AAA/PPC/CDIE to Ray Love, DAA/AFR, June 1984.

The above memorandum presents the key issue underlying this report. The need to better understand how AID can improve its ability to support developing country capacity to manage development initiatives. This document reports on the presentations and discussions of a workshop on development management in Africa held September 4-8, 1984 in Easton, Maryland. The workshop was a first step in an effort to evaluate and understand activities funded by the U.S. Agency for International Development which improved the management of development projects worldwide. Since phase one of the overall evaluation is taking place in Africa, the Center for Development Information and Evaluation (CDIE) and the Africa Bureau cosponsored the workshop. Development Alternatives, Inc. (DAI) assisted CDIE to plan and implement the workshop and prepared this report of the workshop proceedings.

Among many who contributed to the success of the workshop, special acknowledgment is given to the individuals who prepared papers or led discussions: Richard Blue, Philip Boyle, Milton Esman, George Honadle, Michael Horowitz, Merlyn Kettering, David Leonard, Frank Lusby, Philip Morgan, Thomas Painter, Dennis Rondinelli, Muneera Salem-Murdock, Janet Tuthill, Norman Uphoff, and Jerry Wolgin. Bo Rosak acted as facilitator for the sessions. John Hannah led DAI's effort in planning the workshop and Cheryl Truchan provided administrative support. The overall scope of work for the worldwide evaluation and the leadership of the total effort was provided by Irving Rosenthal, CDIE Sector Coordinator for Development Management.

SECTION ONE

WORKSHOP OVERVIEW

INTRODUCTION

An important objective in many projects funded by the U.S. Agency for International Development is to strengthen the capacity of host country managers to use the funds, personnel, and other resources provided. Nevertheless, many within AID and host government organizations continue to point to widespread incidences of implementation delays, cost overruns, failure to achieve expected results, confusion over project purposes, and inability to sustain project benefits. An important need for AID, therefore, is to understand how enhancing the management dimension can affect project success or failure.

Based on this mixed experience, there is a growing awareness that projects that are more successful are characterized by organizational relationships and management practices appropriate to the project setting and objectives. To further this awareness, CDIE is funding a series of field evaluations of the role of development management. The initial six field evaluations are being carried out in Africa between October 1984 and March 1985. They will focus on the results of AID interventions that have strengthened host country capability to manage development projects. These evaluations are part of the structured process that includes a computerized review of AID's current experience of development management, the workshop presented in this report, the field evaluations, in-country briefings, and a final report and seminar to synthesize and disseminate the evaluation findings.

This report provides an overview of the workshop which was designed to sensitize the field evaluation teams to issues of development management and to equip them to undertake the case studies. It contains the formal papers and summarizes the salient discussions at the workshop. This report lays the groundwork for the final synthesis paper, which will be prepared after the return of the six teams from the field. The synthesis paper will be based on the findings of the individual evaluations. It will constitute the contribution of this exercise to the state of the art of development management in Africa.

FUNNEL DESIGN

The design of the workshop followed a "funnel" concept, in which an initial broad-based review of the evolution of the thinking about development management was followed by specific sessions on component management issues and consideration of methodological tools for probing those issues within the constraints of the field visits to Africa. This provided a foundation for the evalaution team members to establish their roles, begin to develop detailed scopes of work, and to schedule predeparture and field activities. The individual scopes of work were compared to ensure parallel examinations. A full outline of the workshop schedule is included as an appendix.

The workshop was opened by Haven North, Director of CDIE, who placed this series of evaluations on development management within the framework of AID's overall project impact evaluation program. His presentation emphasized that development management had been identified by AID's most senior executives as a priority area for evaluation focus. He noted that the AID Administrator was concerned with the question of whether the present generation of AID projects was too complicated to be effectively managed.

Philip Birnbaum, Deputy Assistant Administrator for Africa, reaffirmed the bureau's interest in this evaluation. He expressed a particular concern for the broad area of financial management. As the demand for development funds outstrips availability and as increased requirements for local recurrent costs remain unmet, issues of accounting, budgeting, and financial planning and control become even more important. He raised the policy issue of the appropriate division of responsibility between public and private sectors and the key need for projects to support, rather than dampen, the individual entrepreneur's contribution to the development process. He posited the question of government overmanagement, as much as mismanagement, as a barrier to project success.

Irving Rosenthal, Sector Coordinator for Development Management, charted the course for the overall evalaution. He identified the purposes of the workshop to:

- Help evaluation team members better understand the lack of host government capacity to manage development projects;
- Find out what management enhancement interventions had been tried to overcome the lack of capacity; and
- Generate some sense of the success or failure of these interventions.

He then reviewed the scope of work which he was presenting to the workshop as the basis for the work of field evaluations teams. He proposed that the main areas of the evaluation should be:

- Contextual factors relating to management: this area involves the impact of local physical, environmental, political, and cultural factors, as well as worldwide economic and political conditions on the project.
- Organizational structure and institutionalization: this area involves both formally established as well as informally constituted working relationships among affected organizations and people;
- Administrative process changes: this area involves project-related changes in the process of carrying out development programs in the local setting;

- Resource input management: this area involves problems and techniques for improving financial, commodity, and logistics management; and

- Human resource management and behavioral considerations: This area involves the skills, performance, and management capacity of the people who are part of, and who will benefit from, the project.

At the conclusion of the workshop those five areas were accepted as the basic framework for the evalautions.

The morning after the workshop introduction, Dennis Rondinelli of Syracuse University charted the evolution of AID perspectives toward development management. Evaluation methods for dealing with elusive aspects of management processes were examined by Richard Blue of AID, the former Director of the Office of Evaluation, and George Honadle of DAI. They identified tools for capturing the importance of these factors in the actual evaluation situation. Jerry Wolgin, the Senior Economist of the AID Africa Bureau presented conditions in African economies today relative to worldwide trends and argued that policies, not management, pose the greatest threat to success. David Leonard of the University of California at Berkeley outlined issues relative to political and administrative culture and suggested that many western management techniques have limited applicability in Africa. Philip Boyle of the Institute for Development Anthropology wrote a paper on socio-cultural feasibility in Terms of the gap between project assumptions a local values. IDA's presentation by Michael Horowitz, however, focused on the issue of participation in development management and its appropriateness for bridging that gap at different stages of project design and implementation. Norman Uphoff and Milton Esman of Cornell University delivered a paper that outlined a framework for assessing organizational channels.

Workshop attention narrowed to the nature of management issues surrounding the projects themselves. Merlyn Kettering of the DPMC/USDA identified important aspects of financial management and practices of host country institutions in meeting accountability and project management requirements. Philip Morgan of Indiana University discussed administrative processes in the project environment and the way they influence project performance. George Honadle of DAI discussed aspects of project-focused organizational linkages and management behavior, including contradictions inherent to the development process, approaches to conflict mediation, and the issue of sustainability. Janet Tuthill of Management Systems International identified practical guidelines for assessing and explaining development management performance. These substantive sessions were presented not to prejudge the reasons for project success or failure, but rather to sensitize potential evaluation team members to what the current state of the art suggests might be fruitful avenues of inquiry.

The final narrowing of workshop focus occurred when the teams took the substance of the presentations and began to fit the concepts and guidelines into a scope of work for the projects they would be visiting and to develop schedules for carrying out the evaluations. Thus, the workshop represented an attempt to identify the state of the art of development management and direct it to a level of specificity that would allow operational assessments.

Section Two of this report presents the papers and discussion of development management; Section Three presents the papers on African contextual issues; Section Four identifies aspects of the project issues; Section Five focuses on some logistics of the field evaluation teams and points out the next steps.

SECTION TWO

DEVELOPMENT MANAGEMENT

INTRODUCTION

Some define development management as a set of generic technologies that can be transferred readily from one environment to another; others view management as an art that is highly situational and embodied in individual leadership traits and organizational cultures. For some, development management embraces the total development process; for others, it is more limited and focuses on how resources are used within a particular project. Some believe that management performance should be defined largely in terms of skills, systems, and administrative processes within an organization; others, however, contend that management performance is primarily defined by public policies and political priorities. The workshop adopted an eclectic approach that gave consideration to each of these perspectives within the boundaries of the preliminary scope of work while searching for a more precise articulation of the key elements of development management during each session.

The widest part of the substantive workshop funnel was represented by the keynote address by Dennis Rondinelli, which all participants attended. This address was geared to the concept and practice of development management in general, rather than any Africa-specific set of issues.

The full text of the paper titled The Evolution of Development Management Theory and Practice in AID: A Context for Evaluation," by Dennis A. Rondinelli, Follows.

THE EVOLUTION OF DEVELOPMENT MANAGEMENT THEORY AND PRACTICE IN AID: A CONTEXT FOR EVALUATION

by

Dennis Rondinelli

For more than 30 years the U.S. Agency for International Development (AID) has been providing technical and financial assistance to developing countries to improve their administrative and managerial capabilities and to strengthen institutions that are responsible for implementing development projects and programs. Since the beginning of the American foreign assistance program, institutional development has been an integral part and a primary instrument of aid. Indeed, in recent years both the problems of, and emphasis on, development administration and management have increased. More than 25 percent of all AID field projects aim wholly or in part to improve the managerial performance of Third World institutions. Hundreds of millions of dollars have been obligated by AID for projects of applied research on institutional development, project management and development administration, for technical assistance to government agencies and private organizations to improve their managerial capacity, and for training thousands of officials from developing nations in public administration and management in their own countries and in the United States.

The impact of these activities remains uncertain. Few systematic evaluations have been done of the results of these investments on managerial capacity in developing countries and observers of the various approaches that AID has used over the years disagree on their effectiveness. Some argue that public administration in many developing countries is more effective and efficient than in the past, and better than it would have been in the absence of aid. Others contend that some of the approaches to institutional development and management used by AID have either had little impact or have exacerbated administrative problems.

Administrative Problems in Developing Countries

The only issue on which there is strong consensus--within AID, in developing countries and among scholars and practitioners of development management--is that problems of planning, implementing, managing and institutionalizing development activities remain serious and pervasive. There has been a growing awareness in international assistance organizations--as reflected in the World Bank's *World Development Report* for 1983--that the most carefully planned and systematically analyzed projects are worthless unless they can be implemented effectively. There is a growing recognition within developing countries that weaknesses in institutional and managerial capacity are critical bottlenecks to economic and social progress.

It has become clear over the past decade that bureaucracies in much of the Third World--and especially in Africa-- have limited capacity to implement policies and to manage development projects effectively. The findings of a recent study by the Sudan's Management Development and Productivity Center, for example, would be familiar to anyone who has worked in or with governments almost anywhere in Africa. The study found that development planning in the country is a confusing process in which the plans and programs of various agencies and ministries are often inconsistent or conflicting. Coordination and integration of plans among government agencies and public corporations are weak, and nowhere in the government structure is careful analysis done of policy alternatives. The ability of public organizations to implement plans and projects is equally weak. Most public organizations have long chains of command and managers have large spans of control, undermining the capacity of officials to supervise subordinates. There is often little relationship between activities that public organizations pursue and their formal objectives and missions. Both government offices and public corporations are greatly overstaffed yet inherently inefficient. High levels of personnel turnover in some organizations create instability, while in others middle and lower level managers can neither be fired nor effectively disciplined. Direction and leadership within government organizations are weak, and public managers are given few incentives to perform their duties creatively or responsively (Weaver, 1979).

Similar deficiencies were seen in a recent assessment of administration in Egypt. Ayubi (1982: 295) concluded that:

> in general, the public bureaucracy is extremely large and complex. It is top-heavy, loosely coordinated, and very inactive at the lower levels. Overlapping and duplication are also widespread, and a large gap exists between formal and informal arrangements, while the excessive frequency of changes in laws, structures and leadership makes 'organizational instability' a real problem--for example, the average period of position tenure for an Egyptian minister is a year and a half, barely sufficient to enable him to familiarize himself with the tasks of the post.
>
> Administrative performance is so riddled with a number of related pathologies, such as the 'idolization' of papers and documents, signatures and seals, routine and red tape, and the complexities and repetitiveness of a large number of formalities and procedures all of which inevitably lead to bottlenecks and delays. Serious carelessness and negligence are also among the most dangerous of Egyptian bureaupathologies, recognized by a large number of experts, critics and politicians, as is the rapidly growing phenomenon of 'corruption' in all shapes and forms.

Moreover, government agencies in most African countries have little ability to provide services effectively to peripheral regions or rural areas. Decentralized procedures either do not exist or are extremely weak. Local administrative units have little authority, few skilled personnel and inadequate financial resources to serve their constituencies or to implement development projects (Rondinelli, 1981, 1982; Cheema and Rondinelli, 1983).

In Kenya, for example, administrative capacity even to carry out central development policies at the local level is quite constrained. Trapman (1974:34) notes that the inability of central ministries to coordinate with each other leads to ambiguities in decisions in Nairobi and confusion in the provinces and districts. Often, he observes, "decisions have been made in isolation by heads of technical divisions and circulated as directives to the provincial offices without consultation either of the planners or of the field staff themselves." Either field staff attempt to apply irrelevant or inappropriate policies at the local level, or ignore the directives entirely.

Moris (1977: 90) points out that in many African governments the entire administrative system "has a characteristic weakness in managing large scale or complex activities beyond the capacity of one top executive to control directly," resulting in management by reaction to daily crises. There is little capacity within government to guide or direct development projects toward larger goals.

Assessing AID's Development Management Assistance

It is to these problems in African and other developing countries that AID has aimed its institutional and management development assistance over the past three decades. But the difficulties of evaluating AID's performance in this field is complicated by the fact that the concepts and definitions of "institutional development," "development administration" and "development management" have always been broad, and have changed rather drastically over time with changing perceptions of development problems, evolving theories of economic and social development, and changing priorities of American foreign assistance policy.

Moreover, the field of administrative 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 systems engineering, decision theory, and mathematical modelling schools of management thinking. Diversity of opinion in AID about the "right" approaches to management improvement is neither new nor now less disparate. Differences still exist between those who advocate technique- and process-oriented approaches, participatory and control-oriented approaches, and structural and behavioral approaches. The issue of whether management is a science or an art is still strongly debated.

Any attempt to evaluate AID's experience with development management must recognize that both the theories of development administration, and AID's application of them, have changed drastically over the past 30 years. During the 1950s, AID simply transferred managerial techniques and organizational structures that seemed to be successful in the United States to developing countries. AID helped to establish institutes of public administration in many developing countries to teach these methods of administration and brought thousands of administrators from Third World countries for education and training in American universities.

During the late 1950s and early 1960s, the emphasis shifted from merely transferring the tools of American public administration to promoting fundamental political modernization and administrative reform, first through the community development movement, then through the political development and institution-building approaches. In the late 1960s and early 1970s, AID adopted many of the "management science" theories of administration that were reflected in the "planning, programming, and budgeting" (PPBS) and project management systems approaches, both for the administration of its own projects and for dissemination to developing countries.

With the adoption of the "New Directions" mandate in 1973 and the refocusing of American foreign aid on the needs of the poor, AID began to explore and apply local capacity building, organizational development and behavioral change approaches to institutional and managerial development. In the late 1970s and early 1980s new concepts evolved that focused on problems of managing social and human resources development. They are embodied in the learning process and bureaucratic reorientation approaches.

This paper examines the evolution of these theories and practices of development management in AID to provide an historical context for evaluation.[1] It should be kept in mind that each of these approaches to development administration evolved from perceptions of the needs and conditions in developing countries at different periods of time and were in part the results of the successes and failures of previous attempts at improving administrative capacity in developing countries. But each also focused on different levels of administration and placed a different emphasis on different administrative problems: organizational structure, administrative process, resource input management, human resource and behavioral changes, or contextual factors. Table 1 provides a profile of the major theories of development management used in AID over the past three decades and categorizes them by their primary form of intervention.

THE TECHNOLOGY TRANSFER AND MANAGEMENT CONTROL APPROACHES

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, reflected in the Marshall Plan and Point-Four Program, which were 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. In much the same way, gross national product of poor countries could be increased most rapidly, it was believed, by raising the level of industrial output.

The Point Four approach urged poor nations 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 agricultural production. Export-oriented or import substitution industries were usually favored. Strong emphasis was placed as well on political modernization

TABLE 1

FOCUS OF INTERVENTION IN DEVELOPMENT MANAGEMENT ASSISTANCE EFFORTS

Institutional and Managerial Development Approaches	Intervention: Organization, Structure, Institutional Change	Change in Administrative Process	Improvement of Resource Input Management	Human Resources and Behavioral Change	Change in Contextual Factors
TECHNOLOGY TRANSFER AND MANAGEMENT CONTROL					
Tool-Oriented Technology Transfer	m	X	X	m	m
Community Development Movement	X	X	m	m	X
Political Development and Modernization	X	X	m	m	X
Institution Building	X	X	m	m	m
Project Management Control Systems	m	X	X	m	m
LEARNING PROCESS AND LOCAL CAPACITY BUILDING					
Local Action and Capacity Building	X	X	m	X	X
Organizational Development and Behavioral Change	m	X	m	X	m
Learning Process and Bureaucratic Reorientation	X	X	m	X	X

X= major objective of intervention
m= minor or consequential objective of intervention

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 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 and that this modernization and growth could be accelerated in poor countries through the transfer of resources and technologies from industrialized nations. The state would be the principal instrument of development. Central governments, through comprehensive planning, could guide or control the economic, social and political forces generating growth and modernization. Well-trained technical and professional personnel, using modern administrative procedures and supported by benevolent and development-oriented political leaders, would serve as catalysts for development. The transformation of poor countries would be rapid and the benefits of growth would be widely shared. Economic development would bring political stability, and eventually, democratic government.

These principles were applied through three major "movements" that dominated AID's activities in development administration during the 1950s and early 1960s: 1) transfer of Western public administration technology and training of officials from developing countries in American public administration methods, 2) political development and institution-building, and 3) community development.

The "Tool-Oriented" 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 "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 in 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. It emphasized the creation of a politcally 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, technology-transfer approach to development administration came under severe criticism during the 1960s. In a study prepared for AID, Esman 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.

Other evaluations later found that the institutes of public administration, created at high cost, were able to provide services to only 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 (Paul, 1983). AID evaluations during the early 1970s led to a re-examination of U.S. bilateral assistance for public administration training and institution building. "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 assisted institutions never developed a strong research capacity (Edwards, 1972).

AID evaluators argued 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.

Others noted that the administrative tools and concepts transferred to developing countries were not, in fact, merely neutral instruments. They were methods of administration that grew out of the unique American political experience and Western democratic values (Siffin, 1976; Ingle, 1979). Their application 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."

The Community Development Movement

Another approach 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. 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" (Holdcroft, 1978: 10).

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).

In his retrospective assessment of the movement for AID, Holdcroft (1978:) 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.

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.

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.

However, as Holdcroft (1978) points out, the community development movement faded for a number of reasons. 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. Moreover, 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. 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.

In addition, 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. 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. 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. Moreover, the 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. 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 Political Development and Institution-Building Approaches

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 of 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 could be the instrument of transforming traditional societies, but unless the entire political system was reformed and modernized, governments 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 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 development was "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 routine operating procedures. 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 en 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 that it advocated and protected were accepted, valued, and became functional in the environment (Smart, 1970). The essence of this approach to development management was to strengthen an "enclave" organization that could engage in transactions with other organizations in its environment, gain political support for its activities and allow for its survival (Honadle, 1982).

The AID-sponsored activities included a massive research program into ways of building institutional capability for development and 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.

In reaction to the widespread criticism of bilateral and multilateral foreign aid programs that were reflected in the findings of several international evaluation commissions(Pearson, 1969; Jackson, 1969), 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 new 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 and programming systems (PPBS), of which AID's planning, budgeting, and review (PBAR) process was but a variation.

Planning-Program-Budgeting Systems Within AID

The management science approach, strongly advocated by technical experts, project engineers, and management consultants was one, as Esman 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, introduced in the early 1970s, was a detailed system of procedures 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 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 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 series of detailed plans, proposals and justifications for projects. A Project Identification Document (PID) had to 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 for implementation, along with estimates of the amount of inputs that could be expected from the host country government and other donors.

Project Papers (PPs) 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 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 project's background--the history and development of the proposal, a description of how the proposed project related to other projects bein 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 feasibilty 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.

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. These management systems, of course, are still being used in AID.

<u>Project Management Systems for Developing Countries</u>

In the early 1970s, AID also began to develop training programs for those who manage projects in developing countries, borrowing heavily from concepts, methods and approaches that characterized its own planning-programming-budgeting control systems. Given the complexity of the project management cycles used by international funding institutions, Solomon (1974: 2) 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. Thus, decision-makers have to be interested in all aspects of the project cycle. 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 and, finally, another group or person may take responsibility for carrying

out the plans.

Training materials were developed for AID by several universities that focused 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.

To follow on from the work done by the universities, in 1975 AID initiated technical assistance activities aimed at improving project management systems 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 the universities and AID 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.

However, the project management learning packages developed by the universities 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. 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). AID's evaluations noted that the training materials did make conceptual advances analyzing the elements of the project cycles 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, in the end, 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 universities' work, however, did lead to a stream of research carried on by individual faculty that came to question many of the assumptions underlying AID's systems approaches to project management and 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." 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.

Even attempts to make financial management less rigid, by use of the fixed amount reimbursement (FAR), for example, often resulted in overtaxing local financial and management capacities. Indeed, one recurring criticism of the management control approaches, ironically, was that they often eroded local management capacities by imposing multiple complex donor management systems on organizations ill-equipped to cope with them (Rondinelli, 1983; Honadle and Van Sant, 1985.)

At the same time, more comprehensive studies of agricultural and rural development projects in Africa and Latin America carried out by Development Alternatives Incorporated (DAI), under contract with AID, were also questioning the effectiveness of the Agency's project planning procedures. 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, referred to frequently in AID's own evaluations, was due to the fact that effective rural development projects 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," Morss 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," Morss 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.

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 (Morss 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 rural poor was to be more successful. The "blueprint" versus "process" distinction was to become a basis for much of the later thinking about development management.

LEARNING PROCESS AND LOCAL CAPACITY BUILDING APPROACHES

By the mid-1970s, AID'S development management activities were being shaped by a dramatic change its 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, 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 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 lamented that the gains "have not been adequtely 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, modes 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, and human resources development.

For the first time, AID's primary beneficiaries were clearly identified. Congress declared it the purpose of American foreign assistance to alleviate 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 Foriegn 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).

<u>The Local Action and Capacity-Building Approach</u>

As a result of the "New Directions" mandate, AID 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 36 technical assistance projects in African and Latin American countries. The results, published in a two-volume report, <u>Strategies for Small Farmer Development: An Empirical Study of Rural Development Projects</u> (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 <u>local action</u>, 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 were also important. 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) their geographical boundaries were well-defined and the client population was easily identifiable; the project staff actively sought the participation of local leaders and farmers, or delegated to them control over decisions concerning project design and implementation; and farmers were involved jointly with the staff in testing technological packages and organizational arrangements to be used in the project. In the more successful projects participants were generally homogeneous in terms of social group and economic class; the project staff developed an effective communications process with and among local participants; and organizational arrangements were created to give farmers a voice in decisions concerning project management.

Moreover, high priority was placed on technical training of the participants and many were used as paraprofessionals to teach others technical skills. Participation was elicited initially to promote single purpose activities, such as credit provision or crop promotion, and later broadened. Systems of accountability were established to permit changes in leadership among local participants and to ensure that services were provided efficiently and 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.

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 AID in 1978 t 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 two dozen AID-sponsored integrated rural development projects, the contractors--again DAI--also produced a study of the management and organization of multisectoral rural development activities (Honadle, Morss, VanSant and Gow, 1980). 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.

DAI studied rural development projects that were organized both at the central government level and at regional and local levels of administration, but found no universally applicable lessons about the potential advantages of centralization over decentralization. Both had benefits and limitations in specific situations.

Integrated rural development projects could be more effectively managed if they were designed, not in the conventional "blueprint" fashion, but through a learning process aimed at building local and sustainable administrative and institutional capacity, 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.

A number of organizational and managerial attributes were found to be essential for 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; 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.

Local participation could be enhanced 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 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. These conclusions about the efficacy of popular participation in project management were later confirmed by studies of participation by Cohen and Uphoff (1977) and by Leonard and his associates (Leonard and Marshall, 1982).

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.

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.

Throughout the late 1970s, AID had also 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. The most widely noted result of the PASITAM work was the publication of Jon Moris' (1981), Managing Induced Rural Development, which also made the case for a local capacity-building approach to institutional and managerial development.

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 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 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, AID's design and implementation requirements were often unrealistic or perverse. To be effective, the studies found, 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.

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 ocassion and that there is a pool from whom future leaders can be drawn.

Moris 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.

Thus, the capacity building and local action approaches moved development management theory beyond a concern only with the process of project implementation to focus as well on the "sustainability" of benefits after donors' contributions to projects ceased (Honadle, 1981; Bremer, 1984). This emphasis on post-project sustainability distinguished development management from institution-building by emphasizing functional rather than formal organizational impact, and it distinguished development management from general management by stressing the creation of social and organizational capacity for sustained development rather than merely the efficiency of service delivery or physical construction.

Organizational Development and Behavioral Change Training

During the late 1970s and early 1980s, AID was also applying a number of organizational development and behavioral change approaches to development management in both its technical assistance and training programs.

The primary applicant of these approaches was the Development Project Management Center (DPMC) in the Office of International Cooperation and Development in the U.S. Department of Agriculture, which was working with AID's Office of Development Administration. 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 <u>system-building or system-renewing</u> 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.

DPMC, 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 <u>Strategy Paper for Management Development</u>, Ingle and Rizzo (1981: 2) defined "performance improvement" as a "process whereby people in an organized activity seek to increase its effectiveness and efficiency." The "action training" approach, as it was sometimes called, grew out of experience with management development training, behavioral psychology and organizational development in the United States. Specific principles were derived by Rizzo, Davidson and Snyder (1980) from their studies for AID during the late 1970s of health services delivery projects in Latin America. They suggested that the most effective means that AID could use to help improve 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 implementing 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 occurance, 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 implementing 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 "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 implementing 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.

The basic concepts underlying "performance improvement" or performance management, as it was variously called, (Ingle and Rizzo, 1981; Solomon, Kettering, Countryman and Ingle, 1981) also reflected these principles. 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.

Although the effectiveness of these approaches and their impact in countries where they have been applied have not yet been fully assessed, AID's internal evaluation found that individual assistance activities were generally well regarded by the organizations to which help was provided. The Development Project Management Center itself, however, 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. The processes of organizational development and behavioral change were applied in very different situations and their impact on organizational change could not be easily determined (USAID, 1982a).

Clearly, however, the concept of behavioral change used by AID has been rather narrowly defined to include only administrative and technical behavior. The OD approach tended to focus on the small group and to ignore policy, interorganizational relations and client group factors or to deal with them only from the perspective of the work group. The Agency generally ignored in its technical assistance and training a whole set of informal inter-organizational and political interactions that vitally affect the ability of institutions and managers to plan and implement development projects and programs. Rondinelli (1983) has criticized these approaches for giving little attention to the processes of social and political interaction--persuasion, mediation of rewards and punishments, tacit coordination, informal bargaining, political negotiation, coalition building, cooptation, and others that Lindblom (1965) has called methods of "partisan mutual adjustment." Nor have the organizational development and behavioral change approaches addressed the questions of how policies and decisions are actually made in developing countries and attempted to train managers in those processes. Too often they have assumed that rationalistic patterns of decision-making apply--or should apply--and have trained managers in administrative and planning practices that have little to do with the ways in which decisions are actually made in their countries (Rondinelli, 1982).

Learning Process And Bureaucratic Reorientation Approaches

The most recent articulation of development management theories to be applied in AID are those developed through its contracts with the National Association of Schools of Public Affairs and Administration (NASPAA) and the work of David Korten, into social development management, bureaucratic reorientation and the social-learning process.

The basic tenet of these perspectives is 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), are ineffective in helping the poor. The project cycles used by international agencies are preplanned interventions that do not allow designers and implementors to analyze or understand the needs of beneficiaries, or allow benefiaries to participate actively in the design and implementation of the projects. Thus, the projects and programs usually end up being ill-suited to the needs of the poor. AID cannot build capacity for sustained action using the "blueprint approach;" and even when projects are temporarily beneficial, the impacts rarely last long after the projects are completed. Indeed, Korten (1980) challenges the value of projects themselves, as temporary activities, in creating the kind of learning environment and flexible action needed to match appropriate resources to the needs of poor communities and in building the long-term cooperative arrangements through which people can solve their own problems.

This approach to development management is 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 takes 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 focuses on the need to develop "institutional capacities" to manage and learn at the same time. In addition, he sees projects as obstacles to learning because of their time-bound characteristics and emphasizes the need to develop sustained capacity within organizations to engage in development activities over a long period of time. This, he argues, requires "bureaucratic reorientation."

At the heart of approach (Korten, 1980: 497) 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. Observations of projects carried out by the National Irrigation Administration in the Philippines and similar "people-centered" projects in Sri Lanka, Bangladesh, Thailand and India led Korten 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 benefiary needs and what was required to address them effectively.

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

Advocates of the learning process approach assert 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) contends 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, government agencies and international assistance organizations must undergo bureaucratic reorientation(Korten and Uphoff, 1981:6). This requires 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 means 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."

More specificially, the elements of bureaucratic reorientation include use of:

1. Strategic mananagement, a process by which organizational leaders concentrate on a few crucial aspects of managerial performance rather than attempting to plan and control all phases of operations, and seek to reassess the organization's goals and performance on a continuing basis.

2. A responsive reward structure to provide incentives for those staff who are most effective in meeting the needs of beneficiaries and clients.

3. Flexible and simplified planning systems, which are attuned to the needs of beneficiaries, facilitate their participation, and allow the evolution of appropriate small-scale projects and programs through collaboration with clients.

4. Results-oriented monitoring and evaluation procedures that measure and assess the degree to which benefits reach and are effectively used by beneficiary groups.

5. Revised personnel policies that offer more stable and longer term

assignments of staff, require them to have substantial experience in social and organizational analysis as well as technical specialities, and structure their assignments so that they 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 provide fairly predictable and stable funding levels over a long enough period of time to facilitate the learning process.

7. Differentiated structure in which specialized units or services can be established for distinct client groups and which allow specialization for tasks that serve the unique needs of different groups of beneficiaries.

8. Well-defined doctrine that promotes 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.

Again, neither the theory nor the applications of these approaches have been systematically assessed. 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).

Critics within AID point out that both the organizational development 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 and the Chief Executive, 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. Some AID officials argue that the Agency might not be able to obtain funds if it claims only to be experimenting. Unless it can show specifically what must be done and what the impacts will be, it 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.

CONCLUSIONS AND IMPLICATIONS

In brief, AID has experimented with, tested and applied a wide variety of management development theories in its technical assistance and training programs over the past three decades in search of the most effective means of increasing the institutional and managerial capacity of organizations repsonsible for implementing development projects and programs.

The trends in theory over the past decade have been away from the technology transfer approach used during the 1950s and 1960s in which American public administration principles and techniques were simply transferred to developing nations with little or no adaptation. It now prescribes a process of examining the needs and conditions in Third World countries and tailoring administrative and organizational solutions to them, in collaboration with host country officials. Theory has also advanced beyond attempting to bring about sweeping political and administrative reforms, such as those reflected in the political development, community development and institution-building movements. It now emphasizes specific organizational interventions that can improve management and administration incrementally. The trends have also been away from attempting to build only the capacity of central government ministries and toward increasing the managerial and institutional capacity of local administrative units, private and nongovernmental organizations. Finally, theory has moved from attempting to create and install centralized, control-oriented, comprehensive management systems toward more flexible, adaptive, innovative, responsive and collaborative methods of administration in which the beneficiaries have a more participative and responsible role in both planning and implementation. Concepts of development management have recognized clearly that the systems approaches that may have been appropriate for capital infrastructure projects may be neither effective nor efficient in social and human resource development projects. Social development requires a more strategic, adaptive, experimental, learning-based, and responsive people-centered approach to administration (Rondinelli, 1983).

However, AID continues to use in its own management procedures a control-oriented process that attempts to anticipate and plan for all aspects of a project prior to its approval and implementation. It continues to rely on methods and procedures of project design, selection and implementation that assume a high degree of knowledge about what needs to be done and of certainty in a world in which "the correct" solutions are not always clear, and in which the only certainty is a high degree of uncertainty. It makes use of methods developed primarily for capital investment projects, even though the largest portion of its investment portfolio is in agriculture, population, education and human development projects. It still relies heavily on technology transfer for many social development problems that are not amenable to technological solutions.

The major shift in theories of development management has been away from the technology transfer and management control approaches toward learning process, local mobilization and enhancement of indigenous administrative capacity. But this shift has not always been clearly reflected in AID management practice. Although the theory of institutional and managerial development has advanced over the past 30 years, nearly all of the approaches described earlier are still used--and have some degree of currency--within AID.

Any evaluation of AID's experience must recognize that there has always been and continues to be a wide gap between the theories--many developed in part through AID sponsored research and technical asisstance experience--about how projects and programs should be managed, and the procedures that AID actually uses to design and manage the vast majority of the projects and programs that it funds.

Experience also suggests that no one theory or approach to development management is likely to be universally appplicable or universally effective in the wide variety of cultures to which AID provides assistance. Indeed, different approaches to development management may be necessary or appropriate at different stages in the same project. Experience does not provide much evidence that development management is or can quickly become a "science" in the tradition of the physical sciences. Development management is more an art than a science and, perhaps, more a craft than an art. At its best, it is a judicious blending of administrative methods, techniques, and tools with organizational and political skills, good judgement, and an understanding of human motivation to achieve intended goals.

Evaluations of management performance must be based on an understanding of the development management strategies inherent in the design of a project and of the managerial tactics used in implementation. Perhaps the most valuable use of evaluation is not to determine which approach or approaches to institutional and managerial development are "best," but to attempt to discern the range of appropriateness and applicability of various approaches under differ social, cultural, economic and political conditions. Evaluation can make an important contribution to determining how different approaches to development management can be appropriately and responsively tailored to the needs of governments, private organizations and community groups to improve their managerial performance.

COMMENT

The workshop participants accepted Dr. Rondinelli's paper as an excellent synthesis of trends and changes. Participants and evaluation teams accepted his challenge to try to isolate those new management factors that would affect development management in the near term. A key point made in the presentation was that most AID projects straddled eras when different donor management trends were in vogue. Thus, many projects display variable and sometimes contradictory tendencies.

Another issue which evoked discussion was whether projects were things of the past, with the future to be dominated by program loans or grants. That is whether questions of macro-policy and policy dialogue (the pillars of program assistance), are becoming more important than questions of development management (which were an important under pinning of project assistance). Dr. Rondinelli noted that these same uncertainties were voiced two decades ago. He noted, however, that projects still exist and they are likely to play an important role far into the future.[1]

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1 A recent symposium on this topic was published as three papers in the October-December 1983 issue (vol.3, no. 4) of Public Administration and Development. See:

G. H. Honadle and J.K. Rosengard, "Putting 'Projectized' Development in Perspective", pp. 299-306;

D.A. Rondinelli, "Projects as Instruments of Development Administration: A Qualified Defense and Suggestions for Improvement," pp. 307-328;

E.P. Morgan, "The Project Orthodoxy in Development: Re-evaluating The Cutting Edge," pp. 329-340.

SECTION THREE

THE AFRICAN CONTEXT

INTRODUCTION

After the broad-brush treatment of development management, the workshop narrowed and focused its attention on the environment of development management in Africa. Four major topics were pre-selected by PPC/CDIE as important dimensions for consideration by the teams. The first was the economic and policy environment. The second was the administrative culture and political realities within which development projects were carried out. The third was the alternative organizational institutional channels already existing at various levels in African countries through which development projects might be implemented. The fourth was the socioeconomic feasibility of achieving project objectives and assumptions about the role of beneficiary participation in helping to fit the project into the African environment.

To deal with these issues, two sets of simultaneous sessions were held. First, Michael Horowitz and Jerome Wolgin presented their perspectives and led discussions. Second, David Leonard gave his presentation while Milton Esman and Norman Uphoff were making theirs. Workshop participants attended those sessions most relevant to the projects they would examine and to the role they would play on each team. All teams were represented in all sessions.

This section presents the four papers as well as highlighting the discussion that followed each presentation.

DEVELOPMENT MANAGEMENT AMID ECONOMIC CRISIS

by

Jerry Wolgin

I. THE NATURE OF THE PRESENT CRISIS

Twenty-five years of independence has not led to an appreciable increase in the quality of life for most people in Africa. Over that period per capita incomes, on the average, grew by a mere one percent per year (excluding the oil exporters Angola, Congo, Nigeria, and Gabon). In other words the average African was about 28% better off in 1984 than he was in 1960. The average, of course, covers up a great deal of variation. Seven countries actually experienced negative per capita growth over the period, and another nine were below the one percent figure. In most countries, growth was hardly equitable, and it is probably true that the distribution of income is worse now than it was in 1960. As a result, the average African, whoever he or she may be, is probably no better off in 1984 than he or she was in 1960.

In the agriculture sector, where over 75% of the African labor force is employed, the situation is even worse. In the 70s, only eight out of thirty-nine African countries experienced positive growth of agricultural production per capita. These countries (Burkina-Faso, Burundi, Malawi, Rwanda, Kenya, Cameroon, Swaziland, and Mauritius) had a total population of only 45 million people, 13% of sub-Saharan Africa. Thus, for the vast majority of rural populations, production was increasing more slowly than population. By the end of the 70s food production per capita was only 91% of what it had been at the beginning of the decade. (In only eight countries had food production per capita shown positive growth)

Not all indicators are negative. Literacy rates have increased from 16% to 28%; primary enrollment rates have increased from 36% to 63%; and life expectancy has increased from 39 years to 47 years. But even these gains could be short-lived, because the economic capacity to provide health and education services is eroding. In fact, no matter how dismal the past has been, the future could be even more bleak.

Table I presents a breakdown of growth over the five year periods between 1960 and 1980 for the nineteen largest (in terms of population) African countries for which we have data. One of the most discouraging aspects of the recent period has been the economic problems incurred by several of the countries which have enjoyed high rates of economic growth during both the 60s and the 70s -- Ivory Coast, Malawi, and Kenya. Current projections show per capita

TABLE I
GROWTH IN GDP PER CAPITA FOR SELECTED AFRICAN COUNTRIES, 1960-1982
(Average Annual Percentage Change)

Country	1960-65	1965-70	1970-75	1975-80	1980-82	1960-82
Cameroon	0.7	2.4	1.2	5.1	11.3	3.2
Chad	-1.3	-0.5	-1.2	-8.8	-15.7	-4.2
Ethiopia	2.9	1.6	0.9	1.0	1.2	1.5
Ghana	0.8	0.6	-3.2	-2.3	-5.5	-1.4
Guinea	2.8	1.5	1.5	0.5	4.3	1.8
Ivory Coast	5.2	3.6	0.8	1.9	-4.1	2.3
Kenya	0.2	2.4	5.7	1.6	-3.4	2.0
Madagascar	-0.8	2.4	-2.0	-1.2	-2.9	-0.6
Malawi	1.7	2.0	3.9	2.4	-3.7	2.0
Mali	0.3	0.8	0.6	2.6	-1.4	0.9
Nigeria	2.3	3.0	4.7	0.9	-11.3	1.4
Senegal	1.3	-0.5	-0.4	-1.7	2.2	-0.1
Sudan	-0.3	-1.9	0.1	3.0	13.1	1.4
Tanzania	1.9	3.8	1.2	0.9	-3.8	1.4
Uganda	1.8	2.5	-2.9	-6.2	-3.2	-1.5
Upper Volta	0.9	1.0	1.1	0.2	0.9	0.8
Zaire	0.3	1.8	-0.6	-4.5	-4.7	-1.1
Zambia	3.4	-0.1	-0.6	-4.1	-1.2	-0.4
Zimbabwe	-0.1	2.1	3.3	-3.6	2.1	0.5
AVERAGE	1.3	1.5	- 0.7	-0.6	-1.4	0.5

income in Malawi to be the same in 1984 that it was in 1979. In Ivory Coast, the situation is much more serious. Because of its enormous debt overhang, the IBRD now projects that it may be 1990 before per capita income levels in Ivory Coast reach 1979 levels. Kenya's immediate future is no less bleak, and it continues to sit on a population time bomb. The failure of the best and the brightest mirrors the failure of the mediocre and the dimmer. In fact, only five countries in our sample experienced positive per capita growth in 1981 and 1982.

Perhaps the most difficult problem is the fact that stagnation and decline has led to a mortgaging of the future. Debt-service ratios for a sample of 20 sub-Saharan countries averaged 8.0% in 1973, but more than tripled to an average of 26.4% in 1983. Thus, while debt service in 1982 amounted to a mere two billion dollars for all of sub-Saharan Africa, by 1986 they are expected to quadruple to eight billion dollars. In 1982, 18¢ out of every dollar of development assistance went to service debts; by 1986 62¢ of every assistance dollar will be needed for debt service. If terms of trade remain constant, then export volumes must increase by 16% just to maintain import volumes. A decline in the terms of trade means that exports have to increase even faster to stay in place. The alternative, a further contraction in import volumes, will mean a continuing downward spiral of production, consumption, and income. There is every indication that by the end of the decade all economic progress made in most African countries since independence will have been totally eroded, and that real per capita incomes in 1990 will not be very different from what they were in 1960.

II. THE PAST AS PROLOGUE

There are three major reasons for the current crisis. In the first place, the economic base upon which most African economies are built may, of itself, inhibit growth, particularly in a period of world-wide stagnation. Secondly, African countries followed a series of policies which reduced export growth, misused capital and labor resources, reduced internal savings mobilization, and led to consistent spending in excess of income. Lastly, the economic environment, particularly the oil shocks of 1974 and 1979, the inflation of import prices, the slackness of most commodity prices, and soaring real interest rates, has had an especially negative effect on African economies. Let us examine each of these factors.

A. African Economic Structures: A number of factors have made development more difficult in Africa than in other parts of the world, even allowing for income levels. Leaving aside for the moment the fact that most African countries became independent with profound scarcities of educated manpower and basic infrastructure (for example, at independence, Zaire had but twenty-seven university graduates and Malawi less than 200 miles of paved road), the following characteristics of African economies seem idiosyncratic to the African scene:

1) First, population density in Africa is, in many countries, extremely low. This means that infrastructure and services, such as education, are much more expensive on a per capita basis than they are in Asia.
2) Second, many African economies are very small, both in population and in purchasing power. As a result there are few manufacturing sectors that can be supported by the domestic market, and there is little ability to reap economies of scale.
3) Third, African economies are fundamentally agrarian, and, in most cases, agricultural production is in the hands of smallholders.
4) Fourth, African countries are newer, and their political consensus more fragile than that of most other developing countries.

As a result of these characteristics, most African countries had limited options. They were necessarily open economies with serious dependence on foreign goods. Therefore growth was primarily export-led. This meant that either mining or agricultural exports were the leading productive sectors. Since most countries were largely dependent on one major commodity, this made them vulnerable to secular price declines, and subject to substantial variations in their annual export earnings, a fact accentuated by Africa's notoriously variable climate.

During the first fifteen years of African economic history a strategy emphasizing export production would have led to reasonably rapid development. The experience of Kenya, Ivory Coast, and Malawi bear this out. However, few countries followed the policies necessary for agricultural export promotion, and as a result, stagnation and ruin were more the norm than the exception. For a wide range of African economies, mineral production was the major source of foreign exchange resources (Liberia, Zaire, Zambia, Togo, Nigeria, and Mauritania for example). Many of these countries neglected their agriculture, and when mineral prices, including oil, softened, were left with aggregate domestic demand well in excess of sustainable levels. Thus, most countries followed policies at variance with the most plausible development strategy.

B. The Failure of Policy: It is now an accepted view in both the donor community and African governments that both the causes of the current crisis and its solution lie in the hands of the policy-makers in Africa. This view needs little elaboration. For the period 1960-1978 rates of per capita income growth in excess of 2.5% per year were achieved by Gambia, Malawi, Lesotho, Togo, Kenya, Nigeria, Gabon, Cameroon, Swaziland, Botswana, and Ivory Coast. Over the same period, Chad, Somalia, Upper Volta, Benin, Mozambique, Sierra Leone, Zaire, Guinea, CAR, Madagascar, Uganda, Sudan, Ghana, Senegal, Zimbabwe and Zambia all experienced growth of less than 1.0% per year. The differences in economic performance among these African countries (excluding the oil exporters) is much more easily explained by differences in policy than by any other set of variables taken together, including resource endowment, size, geographical location, human resource stock, aid flows, etc.

It is instructive to examine the types of policy mistakes which African countries made. The fundamental approach to development taken by most African countries was to tax the rural economy in order to both industrialize quickly and support a growing government bureaucracy. This was coupled with a policy of high wages and subsidized consumption goods for urban workers. As a result local manufactures, highly protected, were very expensive, and the terms of trade were turned further against the agricultural sector, stifling agricultural development. Equally important, the scarce resources were invested in industrial projects of limited usefulness, or in prestigious buildings of no usefulness at all. During the sixties the relative strength of commodity prices coupled with the inflow of donor capital into infrastructural development masked the underlying weaknesses of the economies. Thus few African countries, with the notable exceptions of Ghana, Senegal, and Sudan, demonstrated the symptoms of the financial firestorm that was to come.

When the terms of trade began to turn negative, and balance of payments problems worsened, the cracks in the economic foundation began to show. Most economies were built upon sand. Domestic inflation, built upon excessive government expenditures, was coupled with a fixed exchange rate regime. As a result the exchange rate became more and more overvalued. Export production suffered and imports were rationed. The increasing distortions led to economies in which prices were no longer effective signals, and formal markets were the venues for rationing and corruption.

There were several responses available to the deepening crisis. The first response was typically to finance the deficits by increasing borrowing. Since the Eurodollar markets were flooded by petro-dollars, the lenders were giving money away at firesale prices. The continuing recession and the rise in real interest rates caused by the decline in inflation made borrowing more costly and more difficult. The last few years have seen a raft of stabilization agreements and attempts at structural adjustment. Domestic demand is being reduced while markets are being liberalized to improve the efficiency of production. Is all of this activity too little and too late?

C. <u>The Limits to Growth</u>: While undoubtedly many of the problems African countries faced can be put at their own doorsteps, we should not lose sight of the fact that the current international economy also limits Africa's growth possibilities. Real terms of trade for primary product producers are lower now than they have been in decades. Real interest rates have never been higher. Protectionist stirrings are heard in the OECD countries. The <u>World Development Report</u> states that, even with policy reform, African countries can expect per capita incomes to decline for the rest of the decade.

Some of the current problems are reversible. Surely, U.S. deficits can be expected to fall in the future, and with them U.S. interest rates, the dollar, and the relative cost of imports, debt and debt service. OECD economies should experience accelerated growth toward the end of the decade. However, it is possible that the last few years have seen substantial structural changes in the nature of the world economy. Demand for most primary products can be expected to rise slowly in the future. Supply has expanded dramatically, with new producers of most major commodities entering traditional markets. Moreover, technological change has produced cheaper substitutes for many traditional products such as sugar and copper. It may be that primary product prices will, in general, stabilize at current levels, or embark on a long secular decline. In any case, future long term prospects are not very bright.

III. DEVELOPMENT MANAGEMENT AMID ECONOMIC CRISIS: SOME PRINCIPLES

The whole purpose of agricultural service projects is to increase the linkages between the subsistence farmer and the commercial economy. Those linkages are important both on the input side (fertilizer, seeds, credit, tools, information, and hired labor) and on the output side. The underlying premise of these programs is that increasing commercialization of agriculture will lead to increased productivity of land and labor, and increased income for smallholders.

There are many risks involved for a farmer in increasing the degree to which he is connected to the modern economy. Farmers already have to face the risks attached to the vagaries of weather patterns. Increased commercialization means increased dependence on adequate, timely, and dependable supplies of inputs, credit, information, and transport, as well as on a whole series of prices. Since prices change, and since institutional weaknesses lead to less than dependable, timely, and sure supplies of inputs, commercialization means increased risk. The more system dependent one becomes, the less sure the reward, and since systems in Africa frequently fail, it should not be surprising that increased commercialization is difficult to implement.

Accordingly, expected rewards must be high if risk is to be accepted. Farmers must see substantial gains from modernization before they adopt whole new technologies. All projects of this type are based on the willingness of beneficiaries to become participants, to borrow, buy seeds and fertilizer, use new techniques, and sell crops. If the returns are scanty, or the risk high, farmers' participation will be limited.

Farm households try to maximize some combination of income, risk, and leisure. When the returns to labor go up, without increasing risk, families will tend to substitute income for leisure by trying to work harder, since work now has greater rewards. If the prices farmers receive for their products, or the prices they pay for complimentary inputs are such that extra work is not worth the reduction in leisure, farmers will not expend extra effort. Similarly, if the rewards from changing technologies are not worth the extra risk entailed, farmers will stick to their older, tried and true methods.

Many African countries have been, are now, or will in the future find themselves in the middle of a financial crisis. Such a crisis usually manifests itself through shortages of foreign exchange and/or government revenues. As a result, imports, both of consumer goods and intermediate inputs such as fertilizer, are increasingly scarce, as are government services, as recurrent revenues are lacking for gasoline, supplies, and even salaries. On the one hand, the reliable sources of inputs and information begin to dry up, while on the other hand, the lack of consumer goods reduces the incentives for increased effort. The scarcity of modern sector goods and services reduces the profitability of commercialization, and farmers will increasingly turn to subsistance production and independence from the economy which is crashing down on their heads.

Even more devastating is the fact that governments typically fail to allow market forces to address the imbalances in the economy. Rather than deal with the scarcity of foreign exchange by raising its price (devaluing), African governments have attempted to ration imports. The result has been an exchange rate increasingly out of line with supply and demand, and the development of a parallel economy. In fact governments adopt the Alice in Wonderland theory of economics ("A word means whatever I want it to mean.") which leads to Alice in Wonderland growth ("Here, one has to run as fast as one can merely to stay in place.").

In many countries the result is two economies: an official economy in which all prices are controlled, goods are scarce, and access to goods limited to those with political clout; and an unofficial economy in which prices are uncontrolled, and access to goods determined by income. In a world like this, corruption is rife, and being a consumer takes more time and effort than being a producer. Trading, hoarding, and speculating become avenues to great wealth, and smuggling becomes a way of life. In order to see how all these distortions and scarcities can play havoc let us examine a project which was designed by AID to provide smallholders with a wide range of agricultural services in an Alice in Wonderland economy, the MIDAS project in Ghana.

IV- Development Management Amid Economic Crisis: A Case Study

The aptly named MIDAS II project (it turned everything to dross) was designed to provide a range of services (credit, fertilizer, seeds, extension, research, and marketing) to Ghanaian smallholders living in the Brong-Ahafo region of Ghana. The project was fairly typical of integrated rural development projects of its era (1980), in that it attempted to provide all the linkages farmers needed to expand and commercialize their output. The seed component was actually national in scope, while the marketing component was to be limited to one district in Brong-Ahafo.

There was much about the project to commend it. The marketing component was particularly well-thought out, with credit being made available to traders. In addition there was credit and help for informal rural industry, such as blacksmiths, and a wide-range of appropriate technology tools and implements was to be extended to farmers. However, central to the project were two components -- credit and fertilizer. The credit was deemed necessary to enable the farmers to purchase the fertilizer which was to be imported.

While the project made great sense in isolation, it made no sense in the context of Ghana. The Ghanaian economy was so screwed up that virtually nothing made sense. A couple of examples should suffice. The exchange rate was out of line by a factor of 10:1. Fertilizer was sold at the official price which meant a subsidy of from 90 to 95%. Consequently, one could buy a bag of fertilizer at the official price, smuggle it across the border to Upper Volta, sell the fertilizer, return home with the empty bag and sell it for more money than one paid for the fertilizer and bag originally. A second example. Because of problems with spare parts, the tomato processing factory in the North could not process more than 10% of the tomato crop. Rather than see the tomatoes rot, arrangements were made to fly the tomatoes to Accra for sale on the market. However, not a tomato reached the market, because the crates were broken down and sold for the value of their nails and wood.

In such an environment importing fertilizer for distribution to farmers makes little sense. For fertilizer put into farmers' fields in Ghana can not be as lucrative as fertilizer sold to Voltaics or Ivoiriens. The economic crisis also affected the credit component of the project. Interest rates were on the order of 15% while inflation was 100% and climbing. It doesn't take great powers of analysis to realize that even with limited default and operating expenses (say 10%), the credit fund will decapitalize at the rate of 50% per year. By 1981 the $10 million credit program could buy five million dollars worth of inputs, by 1982 2.5 million and so on.

Finally, the whole project concept made no sense in Ghana. In a time of deepening economic crisis, farmers will tend to move away from commercialization toward autonomy. A project designed to increase the farmers' dependence on the modern economy when he can readily see that the modern economy is in shambles, is a project doomed to failure. In the case of Ghana, there was no incentive for farmers to increase effort and output, even when inputs, such as fertilizer and credit, were so dramatically underpriced. For, even if the farmer had access to inputs, and even if he were able to receive uncontrolled prices for his product, what would he gain? His paper profits would be enormous. But the cedi (Ghana's currency) was like Monopoly money, pretty but worthless. There was nothing to buy. So a good farmer could work all day, make lots of money, and watch his pile of cedis grow, and each year the value of those cedis would halve, and unless he was interested in wallpapering his hut, his efforts would have gained him nought.

Few economies are as meshigge as Ghana's was during that time. But most, have the same illnesses to one degree or another. Where goods are allocated by rationing rather than by price, where the rewards for increased effort and commercialization are less than the costs involved, where increased income does not lead to increased satisfaction, projects are doomed to fail. Good management may be a necessary condition for project success, but it is clearly not a sufficient condition. If the incentives in the economy are such that perverse behavior is rewarded, then perverse behavior will be forthcoming.

There is a serious Catch-22 in all this. In a well-functioning economy, development management is simpler. There is less room for corruption; incentives lead to expected behavior; resources, such as petrol or construction materials are readily available; government employees are sufficiently remunerated to enable them to work full-time; etc. It is when the economy is ill-managed, that project management becomes difficult. In an environment where goods are rationed, political clout and bashkish become the means of allocation; government employees need to spend as much time shopping or moonlighting as they do working; required supplies and equipment are scarce; farmers are uninterested in becoming involved in the project; etc.

Economic crisis in the future is likely to be somewhat different from the economic crises of the past. Policies are less likely to be as bizarre as they were in Ghana. The real problem will be one of austerity and recession, of a scarcity of imported inputs and government recurrent finance. The major difficulties will be sustaining the flow of services after the donors pull out. Here, once again, the project manager will have limited scope. One thinks of the line from Oedipus Rex, "As flies to little boys so are we to the gods; they kill us for their sport." Development managers are mere mortals in a world where the Olympian decisions are made in the Presidential Palaces and Finance Ministries and Party Headquarters.

COMMENT

This may have been the most controversial session. Workshop participants strongly questioned the perspective of the paper. Although supportive policy environments are important, the dismissal of on important role for management was not accepted, and an alternative interpretation was offered. Since policy reform may itself be considered a management process, the tendency of economists to ignore the way the management environment influences an attempt to implement policy reform was offered as a potential barrier to policy reform. Discussion was lively. Neither the "economic policy" people nor the "Management/Institutional" people were persuaded to change their general perspective. But it was agreed that a key task for field evaluators is to identify the interplay between management practices and policy settings, to find out how each may have influenced project performance, and to express the implications of the findings for future efforts.

THE POLITICAL REALITIES OF AFRICAN MANAGEMENT

by

David K. Leonard

The Varieties of Management

We are gathered to discuss ways in which African governments might improve the management of their agricultural development activities. In reality we are discussing not one thing but many. It would be well if we begin by acknowledging the plurality of phenomenon with which we are concerned and the tensions that sometimes exist between them. The "Africa Bureau Development Management Assistance Strategy Paper" of March 20, 1984 begins by speaking of "how to use scarce resources efficiently to produce development results" (p. 1). It then shifts its focus to project management and proclaims an interest in factors ranging from project impact and sustainability, on the one hand, to accountability for funds and cost over-runs, on the other. Four different types of management behavior are involved in these shifting focii--public policy-making, organizational leadership, internal administration, and what we will call bureaucratic hygiene. These activities are not at all the same and frequently excellence in one of them is purchased at the expense of one of the others.

Of course the most important way in which a state affects agricultural development is through its <u>public policies</u>. Development specialists are in substantial agreement today that the most effective and efficient methods of promoting agricultural production in Africa today involve righting distorted prices, devaluing inflated currencies, reducing the monopoly powers of parastatal marketing agencies, and generally decreasing the extent to which the state is extracting resources from the farming sector of the economy. Thus the emphasis is not so much upon improving the operations of the state as upon finding ways to decrease its role altogether. (World Bank, 1981: 40-80.) These are important issues of public management and they are among the most critical variables effecting project success and sustainability. In African conditions the best project might well be the one that has done the least to directly manage its environment and has left the most to the play of market forces. We do have techniques for dealing with these issues, but they are those of policy analysis and economics, not of management science.

<u>Organizational leadership</u> entails goal setting and the mobilization and management of the human and material resources that are necessary to achieve them. The largest part

of a leader's efforts are probably directed at factors that are external to his (or her) organization, as funds and authorizations are secured, the cooperation of other agencies is negotiated, the support of clients is obtained, and political threats to a program's (or project's) image and mission are averted. Even many of the internal aspects of a leader's task are political in character-- obtaining consensus on goals, inspiring commitment, negotiating inter-unit conflicts, etc. Organizational theory has some important insights to offer on leadership (e.g., Barnard, 1938; Selznick, 1957), but there is no real set of management techniques on how to do most parts of this job. This part of management is an art, not a science, and it is second only to public policy in determining whether a project or program will be successful.

Internal administration is what we usually think of as management. It entails the organization of work and already secured resources to achieve agreed-upon goals. Here a management technology does exist, with the insights into supervision and communication provided by organizational sociology (e.g., Blau and Scott, 1962) and with such tools as process analysis, the critical path method and PERT (Rosenthal, 1982).

Particularly in the public sector, internal administration also requires the operation of certain control systems that have been designed to assure those outside the organization that its resources are not being misused (e.g., accounts, audits, civil service regulations, contracting mechanisms, and administrative law). Once again there are well-established ways of doing and organizing these tasks, which might be called the <u>bureaucratic hygiene</u> functions. They are not directly productive themselves. Although organizations that do badly on them generally have difficulty achieving their goals, those that are too scrupulous about them also often fail to meet their objectives. We then appropriately speak of goal displacement and bureaucratic red tape (Merton, 1940).

When we consider the factors that affect the success of projects or programs, the hierarchy of importance begins with public policy, is followed by leadership and general internal administration, and ends with bureaucratic hygiene. When USAID personnel think of the components of good project management, however, the rank order generally will be the reverse. This is partly because failures at the policy and leadership levels are more diffuse and harder to measure, but also because shortcomings in bureaucratic hygiene can be more damaging to AID careers than project failures are. There are good reasons for this. These systems of bureaucratic control were established in the late 19th century in Europe and the United States over considerable resistance in order to eliminate the abusive use of public goods for private ends. They have been quite successful in that regard in the Western democracies and their general objectives (although not the detailed consequences of their operation) enjoy considerable public support. When a USAID officer moves money that will not subsequently withstand an audit or that violates certain contracting regulations, he (or she) knows he is taking a risk and he will put pressure on aid recipients to run their control systems in a way that will avoid the danger. Once things begin to go wrong a vicious circle sets in--unsuccessful projects invite tighter control and are more vulnerable to audit criticisms; if the host country's control systems are weak donors will impose their own; both the multiplicity of systems and the pressures to meet their standards demand more and more host country managerial attention, pulling it away from policy and leadership and making project failure all the more likely (Morss, 1984). The point here is not that USAID personnel are wrong, but that we are confronting a problem with multiple components and that we need to keep all of them in mind as we work toward solutions.

The Premises Underlying Western Policy Analysis and Management Techniques

We noted above that American social science does have methods for approaching problems of policy-making and internal administration. There are limits to their application, however, and to understand them we must identify the basic value premises that underlie them. First, they assume commitment to collective, formal, organizational goals (or, in the case of the state, to societal ones). (I will refer to this as purposive rationality, for lack of a better term.) Second, most of them are based on the assumption that economics is the fundamental social process and that all other human transactions can be understood in terms of it. (We can speak of this as economic rationality.) Obviously these assumptions are not universally valid in any society, but their applicability is even more limited in Africa than in the West.

The state is a particularly fragile institution in most of Africa, threatened simultaneously with military coups and ethnic secessions. USAID does not allocate its funds between countries on the basis of benefit-cost analysis and weak African states are even more sensitive to the political implications of their economic policies and administrative decisions than the U.S. is.

African elites also are linked to particularly large networks of social obligation. The great egalitarianism of pre-colonial African society and the relatively meritocratic character of upward mobility in the late colonial and independence periods have resulted in African leaders and managers who have large numbers of poor relatives and strong ties to disadvantaged rural communities. The values of the social exchange systems that peasant communities employed to insure themselves against risk are still strong (Hyden, 1983; Scott, 1976). Consequently Africans are unusual among the world's elites in the extent of their patronage obligations to poorer peoples and the strength of the moral pressures which they feel to fulfill them. For these reasons and for selfish ones that are far more universal, state organizations in Africa are extensively used to pursue informal, personal goals of their managers rather than the collective ones that are formally proclaimed.

Many of the differences in organizational behavior between Africa and the United States therefore are not due to managerial failures but to fundamental dissimilarities in the value priorities of the societies that encapsule them. Any attempt to treat management science as suitable for a mechanical transfer of technology is bound to meet with failure. We need to understand how these socio-political realities affect the various levels of managerial behavior.

Public Policy Making

The factors which most affect the success of agricultural projects and programs are the overall structure of the economy and public policy. There is wide-spread agreement that the governmentally-imposed internal and external terms of trade for African agriculture have been disadvantageous and that the sector has been burdened by an overgrown and overextended state apparatus. A reduction in the role of inefficient marketing boards and the freeing of the market have been recommended as remedies (World Bank, 1981: 40-80). Such measures derive from the application of neo-classical economic theory. How do they fit with an environment in which economic rationality is not dominant in public policy-making and how would one have to adapt them if they were to be applied?

Governments on the continent in fact spend large amounts of money on programs of direct support to agricultural producers, but all too often they are unwilling to correct their far more damaging disincentives to production. This seems surprising, particularly given the fact that the credit and subsidized input programs into which the money is poured are ineffective, while the negative consequences of poor marketing are dramatic. It is not that Africans have been naively innocent of the effects of exploitative or inefficient marketing boards. Peasants in Uganda, for example, rioted against them as early as 1945 (Ehrlich, 1970).

Robert Bates has demonstrated the political rationality that underlies the frequent economic irrationality of these activities. Positive acts of support for farmers, such as credit and subsidized inputs, both bring gratitute and can be and can be directed to the clients of a politician or civil servant. Therefore they bolster the legitimacy of the regime and strenghten the patronage networks of those who work with it. Although good prices are seen by peasants as positive acts of government, they produce no patronage. From the point of view of the government the economic and political costs of creating marketing boards which effectively tax agriculture are more than offset by the political benefits of the jobs and "free goods" which they indirectly finance (Bates, 1981). Even Tanzania, which has resisted the creation of personalized patron-client networks by its politicians, has felt it necessary to extract a dysfunctionally large surplus from agriculture in order to finance dramatic expansions in social services and formal sector jobs.

The solution both of USAID and of the World Bank's Berg Report to the unproductive growth of the African state is more moderate than, but parallels that of Cyril Ehrlich a decade earlier--"When a machine runs amok it requires, not adjustment, but dismantling" (1970: 134). Given the realities of contemporary Africa this recommendation is appealing in its market rationality. "The incomes of poor farmers were better left to fructify in the pockets of the people" (Ehrlich, 1970: 129). After all, even the left, which supported the expansion of government, was looking for developmental and distributive benefits from a socialist state. What has occured instead has been a merchantilist state, which has hampered the operations of the market in order to provide protection and spoils for the elite (Callaghy, 1979). Still, given the political rationality that underlies these state activities, is an appeal to economic rationality any more realistic now than it was before?

Escape from the unproductive growth of the state will require something more subtle than laissez-faire economics. We have a situation in which the performance of public organizations is poor because few of their participants are commited to purposive rationality. (Recall that the term "purposive" refers here to the pursuit of formal organizational or societal goals. In other words, most actors expect to use governmental agencies to achieve personal and other extra-organizational goals first and formal goals second.) To propose market discipline as a cure for this problem is simply to call for the imposition of a new form of purposive rationality. It is true that the market can achieve purposive rationality with a smaller number of consenting actors than can hierarchically imposed rationality. (Hyden, 1983, argues that public organizations in Africa are undermined by their penetration by peasant values of social exchange. Yet Marris and Somerset, 1971, have shown that African small businessmen start pulling away from such social obligations under the pressures of market discipline.) Ultimately, however, the very politicians who currently use their hierarchical positions to reinforce behavior which is inconsistent with organizational goals are being asked by donors to turn to the market for the sake of the same goals.

It is essential to the integration of African states and the survival of their regimes of all political persuasions that their governments produce visible, distributable benefits. African politicians must have projects and patronage to distribute if they are to survive. The priority therefore is not to dismantle the state but to redirect its activities into areas that combine some economic returns with high political pay-offs. If the latter are high enough it may be possible to contain the pressures for still greater state expenditure and thereby preserve incentives for vigorous growth of peasant agriculture and small business. It is true that economic development would be better served in most contemporary African states if the size of government were smaller or if market-like mechanisms for creating purposive rationality could be imposed on governmental operations. There is little prospect of this being done, however, unless we confront the causes of the problem and look for solutions that fit the political rationality that is currently dominating decisions.

A decision to expand the number of agricultural extension agents often is not an optimal one from either a political or an economic perspective. If a donor offers to finance such an expansion, it is likely to receive enthusiastic support from host country officials, for it will provide patronage and a way to alleviate the politically dangerous levels of unemployment among the educated. Yet those who are given the jobs will be thankful to the state and their patrons only when they are first given them, and their salaries will drain the Treasury for 30 years. Furthermore the political demand for expanded extension in peasant communities is weak. The economic returns on extension therefore need to be long-term and certain to make this a sensible investment of government resources.

One way to raise political returns while lowering economic costs is for benefits to be provided in such a way that they can be given again, rather than constituting a permanent drain upon the resources of the state. An ideal investment for a politician is a labor-intensive rural roads project such as the one currently being conducted in Kenya. From an economic point of view roads improve access to producers and rural markets, thereby lowering the costs of trade and improving the chances of competition without imposing government controls or officers that could become exploitative. Simultaneously, roads are very popular with the peasantry and when they run down their construction can be undertaken again. If those employed are drawn from the local area, the jobs given are a limited act of patronage that can be repeated with new jobs in the future. Extra benefits are that: the employed are more likely to have been needy; their employment in the rural areas encourages them to stay in the farm economy; and the income provided is more likely to be reinvested in agriculture or food than in imported goods.

We need innovative thinking about how vital rural services can be provided in ways that will make them politically productive, self-managing, and not a permanent drain on the Treasury. For example, a subsidy could be paid to set up a veterinarian or paramedic in a private rural practice (perhaps by providing housing, equiping the lab, and maybe giving a cash grant). Even if only one out of two of these practioners worked out, the real services in the rural areas would be expanded (through better incentives), government would not be left paying for those who do not work, and both communities and practioners would be grateful for the initial subsidy. No assumption is made here that private practioners are not exploitiative, only that public ones currently are too. The payment of a fee is no different than a bribe and may be more conducive to productivity. Also, the explicit introduction of private practice make it more likely that competition will be introduced, lessening the exploitative potential that goes with (public and private) monopoly.

In this regard perhaps we should reevaluate the high failure rate on loans given to new small African businessmen (not the big and already established ones). The political returns on these "grants" is quite high and the costs to the government of such attempts to expand the economy may be less than the permanent drain presented by parastatals. Grants also are likely to be less damaging to the economy than the manipulation of protective tariffs and licenses. Perhaps what the development community needs is a realistic acceptance of the political and economic benefits of such practices by making explicit grants rather than doubtful loans.

Finally and most practically of all, this analysis suggests that USAID's implicit movement away from a Basic Needs type of approach to development is mistaken. Although it is true that bad policies are at the root of much of Africa's economic crisis, donors will make very little progress if they confine their attention and assistance to those areas. Policy reform will only be possible if donors provide politically attrative projects as an inducement to governments to change and as assistance in muting the impact of the ensuing domestic criticism. Basic Needs projects have precisely the political appeal that policy reform lacks. So a "hard" laissez-faire approach to African economic development probably needs the support of the "soft", humanitarian Basic Needs one if it is to be applied successfully.

These kinds of trade-offs will not be easy for donors such as USAID to achieve. The idea that a project might be undertaken in one sector in return for policy change in another implies a considerable amount of cooperation between sector specialists in the donor agency and a willingness of one to have his (or her) project held hostage to developments outside his area of primary concern. It also implies that a good portion of USAID's visible portfolio would be tied up in project's that did not appear to reflect the agency's priorities and did not seem to be particularly successful. Obviously this would be difficult for USAID to do, but no more so than the reforms that it is expecting of its African host governments. If the United States can not undertake purposively rational structural changes, there is little prospect that its African allies will either.

In sum, African agriculture (and hence projects designed to assist it) are frequently seriously hampered by the public policies governing the sector. Overvalued currencies, low prices, and monopolistics and inefficient marketing boards all conspire to sap the sector of its natural dynamism. This heavy burden which the state imposes on agriculture is not accidental, however, but is designed to provide the resources for the public employment and patronage which the fragile regimes need for their survival. Donors and managers need to face the political roots of this problem directly if they are to succeed in making their projects effective. The solution is likely to be found the trade-off of politically attractive projects that are highly efficient in their use of public resources in return for policy concessions that will assist agriculture.

Leadership

Leadership is second only to a congenial policy environment in its importance for project success. It is the most political of the management skills, and the West has some insight but no "technology" to transmit on how to perform it. Precisely because it is an art and not a science, however, it is a skill that is abundant in the highly politicized environment of African management. A number of requisites would have to be fulfilled if an African project were to be well led. The person at its head would have to: (1) have a strong, personal commitment to its goals, (2) be able to anticipate problems, (3) have skill in bargaining, (4) be politically sensitive to both national and local aspects of the project's environment, (5) have the ability to inspire effort in his (or her) staff, (6) have extra resources which

could be used in bargaining for needed support, (7) have flexibility in pursuing project goals, and (8) be able to identify and
recruit good staff.

Several things are striking about the preceeding list. The first is that it would be the same for a project in the United States. The second is that these items are very hard to affect through training and almost none of them are susceptible to the deductive rationality that is the hallmark of Western management science. The third is that all but one of the requisites is as easily fulfilled in Africa as it is in the U.S.

The most important requisite of a good project leader is that he (or she) have a strong, personal commitment to its goals. Unfortunately this also is the one item that often is lacking in Africa and all else turns upon it. In the West we are used to this commitment's being created artificially. A manager takes over an organization without any strong feelings about its particular objectives, but he does care deeply about his career and he perceives his advancement as being directly affected by his success in achieving the organization's formal goals. The environment of governmental activity in Africa is so politicized that this kind of artificial link between organizational goals and a senior manager's career rarely exists. To a much greater extent than is true in the West, then, commitment must be internally generated by the manager.

There are two places that this internal commitment to an organization's goals might come from. One is the value socialization component of a professional education. For such socialization to be effective it has be be intense, lengthy, encapsulating, and reinforced by one's peers in the educational institution. Not all educational programs provide such an experience. Medical schools, academic graduate programs, schools of social work and military academies generally do; business schools, engineering programs, and schools of public administration usually do not. This socialization also cannot be acquired on short courses. But it can be reinforced by them. This is significant because professional values will be eroded when they are not shared in one's environment (Achebe, 1961). International conferences and short courses can reinforce threatened values by bringing together people who share them, as well as by providing the tangible incentive of travel to those who have been faithful to them. Many African managers do have strong professional commitments, but they usually are technical specialists (whose training and work are closely interlinked) and not generalists. The latter are more powerful in Africa's colonially derived administrative systems than they are in the

United States and this diminishes somewhat the prospects for a program's having committed leadership.

The other place that commitment can come from is one's social setting--the values inspired in one's early family experiences and supported by one's contemporary environment. As Goran Hyden has stressed, African managers are deeply ethical, with strong commitments to their families and villages of origin. In fact, they are likely to see the impersonality that is such a virtue in the Western bureaucratic ethic as somewhat immoral (1983). Because colonial institutions were built upon bureaucratic values and contemporary donor agencies are as well, we spend a great deal of time and effort resisting the moral commitments of African managers. Often this is inevitable and desirable. There are times, however, when it would be beneficial to swim with the current of indigenous morality. For example, a geographically-focused project is likely to get far better leadership from an official who is from the region than from an "objective" outsider. In any case, one can not treat managers as interchangeable on the commitment dimension. An officer with this scarce commodity probably will perform far better than another who is more able and technically better qualified but who lacks it (Leonard and Marshall, 1982: 205). It is wise to chose projects with the existence of personal interest among its likely managers as a primary criterion and to resist changes in management thereafter.

Attributes of the project or program itself which we mentioned as determining how well its manager would be able lead are: that it have extra resources which could be used in bargaining for needed support and that it have flexibility in pursuing its goals. (For more on the latter point, see Korton, 1980.) When a donor doubts the commitment of a project's potential management to the desired objectives, it often moves to restrict these two attributes, thus increasing still further the likelihood that the project will not have effective leadership.

The final requisite of good leadership on our list was a combination of the skill of the manager and the flexibility which the project or the larger public personnel system give to him--the ability to identify and recruit good staff. Most civil service systems are designed to restrict the manager's discretion on precisely this point because of the fear that it will be used for patronage--a fear that is well-grounded in contemporary African reality and in the administrative history of the West. An effective project leader will find ways to get around these restrictions.

One of the reasons that expatriate personnel are often important to the success of projects is because they are not protected by civil service regulations and a manager has some real discretion over their selection and retention, even though it is not as great as it could be. Some of the most effective African administrative leaders that I have witnessed have taken expatriates on as their clients and deployed them flexibly to fulfill the organization's objectives, something they had more difficulty in doing with purely local staff. Unlike many observers, I do not think such a practice inhibits the development of indigenous talent, for it provides clearly visible role models which locals can compete to supplant. Our understanding of technical assistance is inhibited by the common belief that it is a uniquely modern phenomenon, is a solution to a temporary problem and carries connotations of inferiority. In fact, the practice is as old as the European nation-state. In the late 18th century, when Prussia was the best administered state in Europe, it imported French fiscal experts to work in its government (Rosenberg, 1958: 171). French engineers also were important in Russian government projects and training institutes in the 19th century (Armstrong, 1973: 60). The difference between technology transfer in Europe and Africa thus is not the importation of foreigners; it is their presence in privileged enclaves for two year contracts. When the French went to Prussia, they went to settle. Hence they were fully subject to the incentives provided by the leaders that recruited them and they became integrated into the decision-making systems that they had been imported to improve. They also were there long enough to learn from their experiences and to adapt their knowledge to the new environment. It is the impermanence, rather than the number, of technical assistance personnel that is one of the major inhibitions to African development and deserves concerted attention by donors and host governments alike. In those few cases in which technical assistance personnel are able to work continuously in a sector and country for ten years, as is the case in Kenya with German technical assistants in agriculture and some Ford Foundation economic planners, the results are impressive and quite supportive of the development of local competence.

The larger question about managerial skill in the recruitment and advancement of staff is patronage. Its consequences can be terribly destructive and the great civil service reforms of the 19th century were designed to prevent them. Yet in Africa today we often are left with all of the structural rigidities which civil service regulations create while still having ample amounts of patronage. Without the support of the political environment which created it in Europe and America a century ago, the civil service institution itself appears to be unable to produce the desired effect. Perhaps we should pause to rethink our position on this point, at least in small ways. Patron-client systems can sometimes be quite functional in organizations, depending on the ends for which they are used. If one looks hard enough one will find that they are quite common in American universities and public agencies. They also are a well-remarked feature of the Soviet administrative system (Crozier, 1964: 229- 30). The difference between these networks and the patronage we decry is that these systems are used to advance, not inhibit, the pursuit of organizational goals. Managers become patrons to those of their subordinates whom they believe can best help them achieve the objectives according to which they themselves will be judged, and junior staff seek to become clients of managers who can best help them with their careers, not on the basis of some ascriptive or political tie. The resulting informal networks of obligation give flexibility and commitment to relationships that would be much less productive if they were only formal (Blau, 1964, Chap. 8). Thus where (but only where) managers are using their patronage to reward those who are committed to the organization's objectives, there is good reason to assist them with control over scholarships, foreign trips, and off-scale appointments. The result will be better performance from their subordinates.

One attribute that I have not identified as a requisite for the effective organizational leader is skill at internal administration. This latter function must be performed well if the organization is going to run at its best. Nonetheless a good leader often is poor at it and picks a subordinate to be his administrative genius. Since the nature of the skills required for the two are quite different, such a division of labor works quite satisfactorily.

To summarize, leadership is an art rather than a science, the most political of the management skills. Most of its requisites are abundant among African managers, but too often they lack the personal commitment to organizational goals that are necessary to activate them. With sensitivity to the importance of this ingredient donors may be able to identify it when it exists and to nurture its sustenance and growth.

General Internal Administration

The area about which management science has the most to say is the internal administration of organizations. Those of us who study administrative behavior in Africa are divided into two camps, which can be characterized as the organization theorists and the environmentalists. The former hold that the theoretical principles underlying and explaining organizational behavior are universal. From this premise they argue that at least some, modified, Western management techniques may be able to improve performance in African organizations. (The clearest exponents of these views are Leonard, 1977 and Chambers, 1974.) Against this view is ranged a much larger group of scholars who hold that African administration is distinctive in the degree to which it is penetrated by its politicized and patronage-prone environment and that it therefore is not amenable to management methods that are based on a Western conception of purposive rationality. (The leading figures here are Hyden, 1973 and 1983; Moris, 1981; Price, 1975; and Collins, 1980.)

The gap between these two camps is not as large as it might at first appear to be. As one of the exponents of the organization theory point of view, I concur with the environmentalists that African administrative behavior is distinctive and that it is rooted in the political and social features to which they point. I differ with them in holding that these features are not without Western historical counterparts and that therefore no new theoretical structure is needed to understand them. These differences are largely academic.

The point at which the differences between the camps becomes practical is where they concern administrative reform and here, unfortunately, they are almost matters of faith. Because the environmentalists see the character of African organizations as rooted in their larger political and social structures, they say or come very close to saying that they are unreformable. Price, for example, suggests that only when African administrative elites become isolated from the rest of society, in the way in which European Calvinists, Leninists and aristocrats were, will they have the autonomy necessary to impose purposive rationality (1975). The environmentalist argument is consistent with the view that the only economic rationality that can be imposed on Africa is that of the market, since it is the only one that does not demand widespread acceptance of purposive rationality.

Against this position the organization theorists can only pose the hope that there must be SOME way to achieve better organizational performance in Africa. This hope has some empirical basis, but not an especially strong one as yet. The strongest exponent of the applicability of Western management techniques to Africa that I have found is Cornelius Dzakpasu (1978). He cites the case of an African public company which was near bankruptcy and was rescued through the use of such methods. He states explicity, though, that this was feasible because it was an "enclave," i.e., it could be cut off from its environment. He does not tell how such isolation was achieved. The World Bank's Berg Report takes a similar position by arguing for the autonomy of parastatal managers (1981: 38). The clear implication is that managers are committed to economic (purposive) rationality and are only corrupted by outside political influences. It seems reasonable to expect that administrators would be less responsive to political demands than politicians are, but it is hard to see them as selfless or totally insulated from societal pressures for patronage. The record of Nigerian parastatals through several regime changes and accompanying differences in managerial autonomy suggests that purposive rationality will not be so easily achieved (Wilson, 1978).

Robert Chambers achieved improvements in Kenyan administration with the use of a variant of Management By Objectives (1974). Yet the innovation collapsed after the technical assistance personnel supporting it left, i.e., the environment reverted to normal, and Jon Moris reports that he failed when he tried to introduce the Chambers system in Tanzania (1981). The Germans introduced a similar budgeting and programming system into part of the operations of the Kenyan Ministry of Agriculture. When Walter Oyugi and I evaluated the innovation, we found it failing outside the area of German influence and limited in its effect even there (1982). A part of the problem was in the design of the system, but even that makes it clear that managment systems cannot be imported without substantial work and revision.

Western management techniques are very intensive in their use of managers for analysis and supervision and are wholly grounded in concepts of formal economic rationality (Dzakpasu). Management By Objectives (MBO), the Planning, Programming and Budgeting System (PPBS), Zero Based Budgeting (ZBB), and a host of similar methods are based on the formal analysis of means-ends chains, as they serve officially specified goals. Both managers and economic rationality are in scarce supply in most African organizations. For example, the World Bank has been encouraging the use of the Training and Visit system for rural based programs. The system is intensive and demanding in its use of managers. The institution of the educational inspector is the result of an earlier generation of attempts to supervise and support a far flung cadre of paraprofessional staff. In the several developing countries for which we have evidence the institution today lacks the resources it needs and is no longer performing its intended function. (For a detailed presentation of this argument and a full statement of the evidence supporting it, see Leonard and Marshall, 1982: 206- 209.)

The foregoing reads like a statement of despair, a concession to the pessimism of the environmentalists. It is more accurate to see it as a confession of our ignorance. We certainly have no knowledge of what reforms might be used to improve the performance of Africa's public organizations. We can be reasonably certain that techniques imported from the West will fail unless they are revised quite fundamentally. Yet we also know that some African public organizations are performing much better than others. What we do not know is why. (A preliminary start at filling that gap is Lamb and Muller, 1982.)

Our whole search process for management systems for

Africa has been fundamentally biased and flawed to date. We have tended to look at those instances in which technical assistance personnel were introducing imported innovations. We therefore were examining reforms that were intensive in their use of managers and economic rationality. These "factor proportions" are inappropriate in the African environment. Instead we must study the more indigenously based organizational experiments that have a greater chance of being "appropriate technologies" for their environments. I personally am persuaded that what we find will be best analyzed and explained by a combination of universal organization theory and the sociology of Africa. However that may be, there can be no doubt of the need for fundamental and extensive research (Kasfir, 1980).

Bureaucratic Hygiene

A number of aspects of internal administration are considered fundamental to the "good order" of an organization but are only indirectly related to project or program performance. I have referred to these as the bureaucratic hygiene functions and they include accounting, auditing, procurement, contract compliance, personnel system management. When these tasks are poorly performed donor reimbursements are problematic, financial planning is difficult, serious procedural delays occur erratically, and appropriate staffing levels are hard to organize.

The bureaucratic character of these functions gives them a universality that crosses cultural lines, and indeed the systems that colonialism imported from Europe have remained conceptually intact in Africa since independence, despite deterioration in the quality with which they are being operated. Attempts to improve managerial performance in these areas probably should be directed at the maintenance and restoration of these old systems, rather than their replacement with more modern or American variants. The colonial bureaucratic methods tended to be labor-intensive and therefore more appropriate for the factor endowments of Africa than are the United States's more capital-intensive, technology-based systems. There are some exceptions, however. Where the American systems use <u>less</u> high-level manpower and make fewer demands on supervision than the colonial ones do, they may well be economizing on a resource that is even scarcer than capital. There also are times when the introduction of a new technology legitimates change and provides an entry point for reform-minded personnel. In this way it may facilitate improvements, even though from a purely technical stand point it offers no advantages. (Pinckney, Cohen and Leonard, 1983: 166- 67.)

Reform in the area of bureaucratic hygiene is difficult to achieve for a number of reasons. The first is that it has only an indirect impact on project and program performance. Administrative reforms are virtually never undertaken for their own sake but instead as a means of accomplishing something else that is politically salient (Caiden, 1969). In normal times then it will be difficult to get the necessary support for changes that are disruptive, that require the removal of entrenched senior staff, that might cause labor disputes, or that in some other way entail political costs. Such costs will be "paid" only when they are necessary to the accomplishment of some valued objective or to averting something that is politically worse. Thus real reform is likely to occur only in circumstances such as credible donor threats to terminate support and severe financial stringency for the state.

The second reason that even minor improvements in bureaucratic hygiene are difficult to achieve is that the managers who handle these functions are transient and not particularly concerned with the programs that would be helped by them. A sharp distinction is made between administrative staff and technical specialists in both the British and French administrative traditions. In a ministry of agriculture the program staff, who are permanent and who will have the greatest stake in the achievement of project objectives, will have very little to do with accounting, personnel, and general administration. These functions will be handled by generalist administrators who are transferred between ministries. These staff can be thought of as administrative specialists, whose services are used throughout the government. When they are doing their jobs well, they will be more concerned with the standards of bureaucratic hygiene than any agriculturalist would be. When their work deteriorates to the point that it is hurting programmatic objectives, however, they will not be as concerned as are the technical staff. Furthermore, training investments in administrative personnel will be dissipated over the entire government, because of the inevitability of transfers. If one wants to target one part of the government for managerial improvements, it probably is best to concentrate the administrative training on the technical specialists whose whole careers will be spent in it. If they have a good background in management, they then will be able to press for better performance from the transient generalists or to take over the functions themselves.

The third reason administrative improvement is difficult is that poor bureaucratic hygiene affects the distribution of power in an organization and will be in the interests of some critical actors. When accounting and financial management are badly done, budgetary authority is effectively decentralized to those officers who make the final, detailed authorizations of expenditures, as they can move money between accounts with little chance that it will be detected. Such a situation permits corruption, but it also gives field officers flexibility in project implementation in what may otherwise be a rather rigid system. (Leonard, Cohen and Pinckney, 1983: 115.) Poor personnel administration systems seem to have the opposite effect, centralizing hiring and promoting authority in the national personnel office. The latter can hire staff against a program officer's budget without his even knowing of their existence, "misplace" files on disciplinary actions, and in other ways produce patronage for itself. None of these factors are good reasons for not undertaking reforms, but they do call our attention to the existence of real interests that may subvert improvements that everyone says they want. Improvements in bureaucratic hygiene are needed and can be achieved, but only with good timing and a fortuitous set of allies.

In my experience the greatest training needs in bureaucratic hygiene are at an entirely different level from that at which the donors generally work. The money is usually bestowed for overseas courses for senior staff or for in-country formal programs that cater to new personnel or ones seeking to be upgraded. Both of these have their place, but the former is often over funded because of its political attractiveness both to donor and to local elites and the latter is generally adequately provided for by the host country because it provides politically popular upward mobility. What both host and donor governments ignore is the operationally vital but politically lackluster category of continuous on-the-job training. All organizations have considerable turnover in personnel, especially in the lower, bureaucratic categories. Breaking these people into the <u>details</u> of their new jobs is a major and continuous responsibility. Large organizations in the United States have special units that provide this training for new and recently promoted staff. I have never encountered such a unit in Africa, nor have I found an accounting or personnel section that has funds for regular short courses on basic procedures or for one day seminars on new ones. As a result the most basic bureaucratic functions are performed very poorly, managers are overwhelmed with the task of supervising and checking simple tasks, and the low standards that result make it impossible to tell the difference between corruption and incompetence, thereby encouraging the former.

To recapitulate, the bureaucratic hygiene factors of administration-- accounting, auditing, personnel system management, etc.-- make a significant contribution to the running of a project and a donor can have great difficulties if they are functioning poorly. Nonetheless they are very difficult to reform, for very few direct program benefits are produced by their improvement and politically useful opportunities for the diversion of resources may be lost. Improvements in this area therefore require particular perseverence, good timing and luck.

Conclusion

This essay has taken us over a very wide range of managerial issues that affect African agricultural production and the efforts by USAID to promote it. We have considered policy-making, leadership, general internal administration, and bureaucratic hygiene. Throughout we have stressed the special constraints on managerial performance that exist on the African continent. The continent's political systems are heavily dependent on patronage for their tenuous survival. Individual managers are similarly subject to strong pressures from their kinsmen for support, encouraging them to find sources of corrupt income and to use their hiring prerogatives for extra-organizational purposes. Even in those societies which are less prone to patronage, politics still dominates all other organizational and policy considerations. A great deal remains to learned about effective management in Africa and any simple attempt to transfer Western managerial technologies is likely to end in failure. A great deal of thought and experiment is needed to help us find administrative reforms and managerial improvements that flow with, rather than against the logic of African social reality. All too often we enter into the realm of political fantasy when we talk of what we hope to achieve. Change will only come about gradually, with luck and good-timing, and at the cost of difficult changes in USAID as well as in the host countries of Africa.

COMMENT

Leonard's presentation was very well received as giving field teams very specific management questions. His major thought was that because both African managers and a primary commitment to the economic rationality imbued in donor-supported development projects are in short supply in Africa, Western managerial methods may be inappropriate for the continent. Investigation of the methods actually used by effective African managers is needed to point the way to more appropriate management technologies for Africa.

The discussion emphasized that:

- African managers often do not see the project rationale ascribed to it by formal documents as the primary role of the project; Because of closer tribal, family and other inter-pesonal connection, AID projects are often just another mechanism to cement these more individual values at the expense of the more obstract large society. Arican managers who therefore follow their own established code of behavior, sometime come into conflict with foreign management approaches pressed by AID and other western donors.

- "Bureaucratic Hygiene" areas included those management matters to which more attention should be given; While Leonard says that attention to issues of "bureaucratic hygiene" will make western donor feel better, he wondered whether it would have really positive impact on project results. That is, "cleaning" up financial or personnel management, might have little impact on increase animal production; and

- The key variable of leadership cannot be imparted through training which does not take into account local value systems and incentives.

ON THE ANALYSIS OF ORGANIZATIONAL CULTURE IN DEVELOPMENT PROJECT PLANNING

by

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ON THE ANALYSIS OF ORGANIZATIONAL CULTURE IN DEVELOPMENT PROJECT PLANNING

Projects where goals are the delivery of agricultural services to the rural poor have failed to achieve both output and impact objectives with distressing frequency. In part this can be explained by a lack of economically feasible technical solutions to problems of low and declining production yields, and degraded environmental resources, especially in semi-arid agricultural and agro-pastoral regions. In part the failures are caused by flawed understandings of the socio-institutional contexts within which the projects are implemented. In this paper, I shall examine one aspect of the socio-institutional milieu which rarely, if ever, receives adequate attention: that of the "organizational culture" within the very structures created to implement development projects.

Participation in the design, implementation, and evaluation of numerous U.S.A.I.D project activities in various African countries has convinced me of the need for more extensive use of social analysis in the appraisal of proposed development efforts. While social impact analysis and socioeconomic monitoring of project progress have become common (if somewhat perfunctory) tools for more effective channeling of foreign aid to the rural poor, project planning commonly ignores how best to set up implementing structures for project activities.

The organizational and managerial framework of the project implementation effort, as critical as it is to achieving objectives, has been neglected in development planning. Since such neglect may be one of the primary causes of organizational dysfunction in projects, which in turn may have been one of the major causes of unsuccessful development schemes, however sound technically, it behooves donor organizations to pay a great deal more attention to this problem.

The analysis of project implementation structures calls for a better understanding of what we might term the cultures and subcultures or stored value systems of persons who make up these structures, since their perspectives are likely to differ in important ways. The typical U.S.-funded development effort involves at least four distinct organizations:

- the USAID field mission (and, through it, AID/Washington);
- the responsible host government institution(s);
- the American organization contracted to implement the project;
- the beneficiary population.

Of course further divisions may occur within each of these, and coalitions may develop between segments or sub-groups on the basis of common or mutually supportive interests, resulting in links between persons across institutional boundaries. It may happen, for example, that the staff of USAID missions may combine with host government implementing agency officials to provide an appropriate rhetorical veneer to render more palatable to AID/Washington an otherwise questionable activity.*

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*Social anthropological theorists argue whether there are fixed rules that define the way in which opposing segments sometimes combine against other segments, or whether coalitions form on the basis of perceived interests. In this paper, we lean toward the latter approach.

Improper knowledge of the organizational sub-cultures called upon to cooperate in project implementation is responsible for many of the breakdowns of communication and cooperation in development schemes. Even where personnel have been plucked from their parent organizations and assigned to a new institutional structure, they arrive carrying their previous sub-cultural baggage, replete with values, ideology, personal career perceptions, educational background and biases, and may only slowly assimilte a new set.

The concept of organizational culture is not new, although it is currently enjoying high status within the field of management consulting (cf. Deal and Kennedy, 1982; Roy, 1977; Bell and Nadler, 1979; Albrecht, 1983; Pascale and Athos, 1981). Despite its present vogue in domestic corporate circles, however, analysis of organizational cultures does not occur in the planning of U.S.A.I.D. projects, even though these cross-cultural differences are most marked in Third World socio-political contexts.

This is not to say that institutional analysis of projects is not included in design papers, but it is usually inadequate, consisting of a rapid review of organizational linkages and the capabilities of local institutions to implement projects, and rarely goes beyond the level of organization chart (<u>organigramme</u> in French). The assumptions made concerning the ability and willingness of host country personnel to carry out planned functions constantly betray the culture-bound biases of American project designers. One of the most salient of these rose-colored assumptions concerns the ability of agricultural extension workers to gain the respect and confidence of peasant farmers.

A proper institutional analysis should do more than delineate formal functions and organizational linkages; it should carefully examine the cultural characteristics of each of the organizations expected to mesh with all the others in carrying out project objectives. Insofar as possible, the educational and career backgrounds of key managerial candidates should be appraised, especially where they are to be regrouped in a new, project-specific institution. Considerable hidden antagonisms may exist between personnel of various host country services involved in an integrated development effort. Unfortunately, the identity of these candidates is not often specified, and where names and biodata are available, these often bear little relationship to the persons ultimately appointed.

It is therefore highly desirable that social analysis be extended from the beneficiary populations to a critical examination of the entire project implementation structure. This is not to suggest that analyses of beneficiary impact and organizational structure be combined in one report; only that many of the techniques of social analysis may be similar and usefully applied to both contexts, potentially by the same investigator.

There is, in fact, overlap in the two types of feasibility appraisal, since the organizational context of key beneficiaries, be they village organizations, cooperatives, lineages, or associations, should not be separated from the concept of an overall project implementation organization, within which key members of the beneficiary group will play crucial roles in project success or failure.

The value of analysis of the socio-institutional reality of beneficiary populations has been recognized by many development planners in recent years, particularly within U.S.A.I.D. The concept of organizational culture, while not new in corporate circles, may seem rather nebulous to developers. It is one thing to distinguish between religious practices, kinship terms, and economic systems of various ethnic groups within or between countries, but clearly something more restricted is meant by organizational culture.

An organization's culture consists of patterned (i.e., recurrent) behavior based on shared, if often unconscious, traditions, values, norms, beliefs, and attitudes. A management, or authority structure, will reward adherence to accepted norms in prescribed ways. High status and power result from successful game playing according to the specific rules of the organization. Powerful personalities may, moreover, successfully change elements of acceptable organizational behavior. Finally, an organization, if it is large enough, may have several, slightly distinct, cultures (subcultures) in its various divisions. Values, or what people consider important, have received relatively little attention in the study of organizational culture. However, they are crucial to an understanding of potential conflicts between the personnel of the various organizations composing the project implementation structure. Albrecht defines an organizational value as "a condition or a state of affairs that people habitually act to create or to preserve" (Albrecht 1983). He lists ten major value systems which affect the following: authority, subordination, status, social distance, business ethics, pressure and pace, jurisdiction, collaboration, structure and order, change and innovation.

Values, beliefs, attitudes, concepts of right and wrong or proper and improper behavior, are all intertwined and specific to particular organizations. Behavior of employees outside the institutional context may differ markedly from that within. Military personnel are a good example. Moreover, some of the problems of military governments can be traced to the rather different cultural context from which the rulers have sprung. Values surrounding authority, subordination, status, social distance, structure and order, and change and innovation may differ significantly between career military personnel and government functionaries; the former influenced by military training, service, and value systems, the latter a product of civilian government service and/or technical and university training programs.

The personnel of organizations will tend to share similar backgrounds, both social and educational. Various divisions or departments of large institutions may develop their own "personalities," recruiting new members through social networks based on common social and educational background, common values, even political or kinship links. In many countries it is the "duty" of a governmental functionary to use his position to help his relatives,(short of compromising his own status). The limits that are respected in the carrying out of such kinship obligations will vary between countries and organizational contexts in discernable ways. While entertaining a dialogue with donor agency representatives in terms of the principles of Weberian rationality (see Gerth and Mills, 1958), a host country official may conduct his own organizational business in ways he knows are appropriate to his specific institutional context and to the wider social world of which he is, probably, a financially indispensable part.

Organizational Conflicts

Examples of organizational and managerial conflict in project implementation structures abound. A few will be presented here from personal experience. The reader is encouraged to recall and analyze others.

The three project examples to be presented here were implemented or designed for African countries. All involved various types of overall organizational dysfunction; in two cases these problems ultimately contributed to the withdrawal of U.S. funding.

Human Resource Development in Mauritania (1984)

The first case is that of a design effort for a human resource development project in Mauritania. While such a project would seem to be an ideal remedy for the organizational weaknesses of the Mauritanian public or para-public sectors, the American project design team had some difficulty in appraising real needs because of considerable unfamiliarity with the cultural contexts of the Mauritanian institutions they sought to "upgrade."

Two types of human resource development were of particular concern: the improvement of job skills through short-and long-term training; and the design of a more efficient system for manpower planning in the public sector. This second component was eventually dropped, because no workable organizational structure could be envisaged.

U.S.A.I.D.'s counterpart institution in the design effort was the Ministry of Planning. It quickly became evident that the cadres in Planning, who were trained in economics and were Western-oriented, shared rather distinct organizational values and procedural norms from those of key functionaries of other government services. They were, in their own words, "five years ahead of the others in their thinking."

The way in which manpower was trained in relevant educational disciplines, supplied to various governmental services, and retrained and promoted in and between these services had little to do with rational planning. The Ministry of Civil Service and Higher Education, charged with these tasks, could not have contrasted more in operational style with Planning. Its key functionnaires were educated in letters and law, operated in a highly personalized style, and belonged to an ethnic group distinct from that of U.S.A.I.D's interlocutors in Planning.

In fact, any rational allocation of scarce training resources among various candidates according to long-term projection of country needs would have had to involve at least three ministries: National Education, Civil Service, and Planning. The personnel and cultures of these ministries were quite distinct, however. Leaders of the Ministry of Planning, who came closest to meaningful dialogue with U.S.A.I.D. personnel and consultants, were not privy to the organizational dynamics and objectives of the two other Mauritanian institutions. They were restricted in their planning function to projecting manpower needs in the context of their country five-year plan.

The National Education ministry, concerned only with primary and secondary education, did not feel bound to alter its traditional curricula in order to respond to future manpower needs, in spite of a growing over-supply of non-technical graduates, most of whom could not be supplied with scholarships for foreign university study.

The Civil Service ministry, whose major functions were to distribute scholarships to high school graduates and to place them in relevant institutions upon their return, should have been the major control point for coordinating future needs with available candidates. However, since foreign education depended almost entirely on the availability of scholarships from a variety of European and Arab countries, including a high participation of Eastern blok nations, these opportunities for study tended not to correspond to real needs. Furthermore, the distribution of scholarships probably had a great deal to do with social and political pressures within the small-scale, generally highly personalized, Mauritanian public sector.

Since returning graduates of foreign universities were guaranteed employment by the Mauritanian government, the number of foreign scholarships generally dictated the number and type of new civil servants. The Civil Service ministry did not worry about how appropriately its returned graduates had been educated; instead, it forwarded them to relevant institutions on the basis of their training. These institutions found themselves flooded with degree holders they did not need, while serious shortages continued in the more technically specialized areas, such as in agriculture, fisheries, and in finance and accounting.

The creation of a viable system for manpower planning, training, and placement within the Mauritanian public sector would have probably required a major project effort and presidential support. The task was not impossible, but required Mauritanian political commitment at the highest level. As a result, the human resources project design team chose to concentrate on training individuals from a variety of governmental services, according to their expressed need for the upgrading of skills.

In summary, the reasons for the failure of the design team to formulate a workable system of manpower planning and placement within the Mauritanian public sector lay in its lack of familiarity with the cultural and political differences between the key institutions necessarily involved. With the exception of the Ministry of Planning, there was no Mauritanian enthusiasm for participating in such a system. The proposed organizational structure, while more "rational" for planning purposes, would have diluted personal power bases, have mixed key functionaries from distinct educational and social backgrounds, and have required domestic political pressure from the highest level to be self-sustaining and workable in the long-run.

Livestock Development in Senegal (1979-1984)

In this second example I hope to illustrate some of the potential problems encountered in the concept of the host country contract. In this case U.S.A.I.D. sought to fund the expansion of an existing livestock project in the sylvo-pastoral ecological zone of northern Senegal, thus essentially duplicating similar activities in the area funded earlier by F.E.D.

Because project designers were able to study the results of several years of project implementation in a nearby zone, they were able to propose a plausible project which was easily approved in Washington. Furthermore, the fact that at the time of project design it was too early to evaluate the economic and social effects of the earlier F.E.D. financed project, also facilitated smooth approval of U.S.A.I.D.'s expansion plan.

There was some concern within U.S.A.I.D., however, about the economic and social viability of the project. Of particular concern within A.I.D., but not, as it turned out, within the project organization itself, was the impact of the project on the Fulbe herders, who were to be sedentarized around well points, and enrolled in a program of stratified livestock production. The subsequent project paper highlighted as key issues the possible consequences of the planned sedentarization of transhumant nomads on range quality and herders' standard of living.

The issue of the longer-term economic and social viability of the project is not of concern here; it suffices to say that there are serious doubts about it. Of importance to this discussion is that severe organizational problems arose between the U.S. contractor and the organization of the Senegal project. U.S.A.I.D. did not, or could not, intervene in time to prevent a collapse of the American technical assistance component of the project, and eventually in the face of virtual defiance from the project director, U.S.A.I.D. withdrew further funding.

The major organizational problem was that U.S.A.I.D. did not have effective control over the implementation of its own project. Leadership and decision-making were highly and tightly controlled by the Senegalese project director. The project, which was a para-statal under the loose tutelage of the Ministry of Rural Development, consisted primarily of veterinarian-trained managers; as a consequence, its approach to development of the sylvo-pastoral zone was technocratic. Working relations with the herders, the ostensible project beneficiaries, were distant and occasionally adversarial.

The U.S. contractor responded to a request for proposals from the project which was compelled to conform to U.S.A.I.D. guidelines in the formulation of the scope of work. The contractor responded by supplying four technical assistants to fill the job descriptions carefully delineated by the project. Once the contractor had been selected, it hired four persons on the basis of contracts exactly the same as specified in the contract between it and the livestock project.

But a strange thing happened when the contractor personnel arrived in Senegal to begin their work. The Project director issued everyone new terms of reference, based on job descriptions drawn verbatim from an existing organizational framework that considerably predated the U.S.A.I.D. project.

The director of the livestock project who was clearly ill at ease with, even suspicious of, the new American personnel, did not intend to modify his organizational structure, objectives, or values, in order to accommodate foreign personnel who came with terms of reference he felt had been imposed upon him by U.S.A.I.D. Two French technical assistants who were supplied by F.E.D. occupied important posts in the project, but they had clearly conformed to the director's organizational vision. At least three of the Americans found great difficulty in subordinating themselves to the routine administrative tasks assigned to them in the new job descriptions.

More was involved than a simple change of job description. Of considerable importance for the problems that followed were the subtly different cultural values of the American technical assistants provided by the contractor. Contrary to the expectation of the Director, their value systems were not those of bureaucrats, accustomed to well defined routines. They were (and perceived themselves) as independent, free-lance consultants, and were not accustomed to conforming to rather rigid organizational dictates, especially not in a foreign socio-cultural context.

When they arrived at the project there began a long series of conflicts and misunderstandings beween the project director, the technical assistants, and the U.S. contractor's home office in Washington. The project's directorate did not want to compromise existing norms and ideology to accommodate a group of people who clearly shared different values, different views of organizational behavior, a distinctly independent managerial style and most disruptive of all, who sought to carry out the scopes-of work inspired by U.S.A.I.D. that they had been hired to implement. The technical assistants had, in their view, been hired to deal with the thorny questions of range management, provision of services to herders, and the monitoring of socio-economic aspects of the herders' quality of life. Because of this, they were particularly alarming to the project, which was much less concerned than U.S.A.I.D. with socioeconomic effects on herders, and much more preoccupied with the production of beef for the country's urban populations, especially Dakar.

The U.S. contractor's home office, composed largely of administrative personnel bound into an organizational structure of its own, failed properly to understand the reluctance of the consultants to conform to an extremely confining, considerably unfamiliar set of organizational norms, beliefs, values, and authoritarian management style of the project director. As a result, the contractor pressured its personnel to accept the new job descriptions and the routine mundane job activities, which in most cases made the overseas posts much less attractive.

The position of U.S.A.I.D. was to keep its hands off the host country contract between the project and the U.S. contractor. This was not quite correct, because the project paper clearly specified that the technical assistants were to monitor the project in order to assure that the impacts on rural women, rangeland, and the veterinary program conformed to U.S. foreign assistance policy guidelines. When all four technical assistants were either fired or resigned, including the chief of party, the U.S.A.I.D. mission was faced with an organization which had just what it wanted -- financing on its own terms and with virtually no disruption of its original mission. Faced with the project's refusal to carry out the terms of the grant agreement, U.S.A.I.D. determined not to renew funding for a second project phase.

In summary, the failure of project designers adequately to appraise the organizational values, attitudes, and managerial style of the project organization, particularly the personal characteristics and background of its director, resulted in the design of a project that was not acceptable to the Senegalese project in many respects. Furthermore, the assignment of the U.S. contractor's consultants under the project's authority, but with scopes of work tailored to U.S.A.I.D. policy guidelines, created a difficult situation for all concerned. Not only were scopes of work not easily assimilable to the project's objectives which were largely production-oriented, but the independent nature and managerial pragmatism of the U.S. technical assistants were bound to clash with the authoritarian leadership style of the project director.

Non-Formal Education for Women in Morocco (1980-81)

The last and perhaps best example of organizational dysfunction in the implementation of a U.S.A.I.D. development project is that of a non-formal education program for women in Morocco, which occured in the early 1980's. This project became so problem ridden that it was eventually terminated by U.S.A.I.D. more than one and one half years short of its expected completion date. Most of the problems should have been anticipated during the process of project design. An examination of why and how this rather ambitious program for women failed will help to elucidate the factors that need to be given more attention in future social analysis.

The project was organizationally complex, and its assumptions were unrealistic in the Moroccan socio-political context. Its rationale was based on assumptions of U.S.A.I.D. project designers and consultants that major changes in the organization of programs in the Women's Department of a Moroccan ministry could be carried out by a U.S. contractor team through a host country contract.

According to the project, the object of the Women's Department was to be reoriented to stress training in relevant job skills at the 350 women's centers throughout Morocco. Income-producing activities were also to be organized on a local basis in a few of these centers and were expected to be replicated in other areas. A substantial ($300,000) revolving fund was planned to provide seed capital to women's businesses and cooperatives.

The project consisted of three major components to be carried out by the field team of seven U.S. contractors: identification of job opportunities for Moroccan women and the creation of a permanent job development unit, one of whose tasks would be to evaluate loan proposals for seed capital; the design and demonstration of relevant new job skills curricula for the women's centers; and the design and implementation of relevant new courses to train new teachers for the proposed system.

While the U.S. contractors, divided into sub-teams to carry out the various project programs, were setting up the informational and organizational structure for a completely revamped Women's Department, high-level women cadres from the department were to receive Master's- level training in the U.S. in order to prepare them to move into leadership positions left vacant by the contractors when they left the country. In this way, the new mission and organizational structure of the Women's Department was to be institutionalized and staffed during the life of the project. Never mind the budgetary problems likely to be associated with adding six Master's degree holders to a marginal department of a low priority ministry (Youth and Sports).

There were, as can be imagined, significant differences between the various organizations involved in implementing this complex project. Of course, the personality characteristics of the top managers of the various groups had much to do with the shaping of organizational perceptions, desired courses of action, and responses to the initiatives of other groups. Even the brief organizational existence of the contractor field team did not prevent it from developing a set of norms, values, objectives, and a specific mode of relating to the other project groups. In fact, the highly competitive atmosphere among the organizations involved in the project soon welded the contractor team members into a rather tightly knit, if sometimes turbulent and somewhat factional, functioning body of formerly independent consultants.

This non-formal education project, which was far more than its title implied, had been negotiated between representatives of Youth and Sports, including the active participation of the head of the Women's Department. This department head was soon replaced by a highly influential "grand dame" who was a former department head, and who had been away from the ministry for several years. It was clear from the beginning that she intended to take a very strong leadership role with respect to the contractor team, which, under the terms of the host country contract, was presumed to be working directly for the Women's Department in the pursuit of jointly held project objectives. The assumption of jointly held objectives was quickly belied, however, and considerable misperceptions of authority roles and implicit project goals persisted until the end.

The central leadership staff of the Women's Department was headed thus by a strong-willed woman who had been the architect of the department beginning a few years after independence in 1956. She was backed up by a group of career female functionaries, who had worked up into influential positions in the capital or in the regional delegations. In addition, there was a group of bright, young, well-educated cadres seeking to compete in a male-dominated ministry in a male-dominated national society. The rank and file of the field teaching staff, on the other hand, tended to a conglomerate of various educational levels, generally below the equivalent of an American high school education.

The general ideological and value orientation of the Women's Department and its teacher personnel was distinctly conservative, the general home economics curriculum (embroidery, sewing, cooking, knitting, clothes making) having remained virtually unchanged since before independence a generation earlier. The department was allied to a political party which stressed traditional views of the role of women in Moroccan society. Although a need was felt by department leadership to improve the earning power of the Moroccan women in an increasingly economically deprived society, the overall value orientation was to prepare women to bring in supplementary income in order to counteract their husbands' faltering purchasing power. In this way much political unrest and an overt challenge to the status quo could be mitigated.

The American contractor firm, a private voluntary organization (PVO), fielded a team of young, bright individuals many of whom had background in the Peace Corps. Their overall value orientation was liberalism of the 1960's. The management of the PVO's home office placed considerable stress on empathic, "culturally-sensitive" interaction with the Women's Department and the ministry leadership. Since this was a host country contractual arrangement, the team was expected to work closely with the Women's Department to fulfill an ambitious scope of work.

The educational and social backgrounds of the team members stressed individualism, individual career building, and rationality in conducting work toward clear objectives. The PVO's management, whether in the home office or in the person of the first chief of party, stressed responsiveness to the client's needs and the establishment of warm working ties in order to accomplish objectives relevant to the client.

Since the client was to be the Women's Department of the Youth and Sports, it was assumed by the contractor home and field staff that the field team's primary objective would be to carry out the wishes of the department head, gaining her entire support in the carrying out of the mutually agreed upon scope of work. It soon became obvious that the head of the department preferred to use the team in an ad hoc manner in response to her own interpretation of the organization's needs; never mind much of the contracted scope of work. Thus, much of the project's attention shifted away from training new teachers and retraining old ones, to the pilot income-generating activities tied to the project's revolving fund.

It is conceivable that from the beginning the Moroccan ministry had perceived the team's function to be tied primarily to the creation of the revolving fund and to the equipping of women's centers for job training. In any case, the leadership of the Women's Department, in the capital and in the provinces, had little intention of allowing the team members freedom of movement or independent decision making to carry out the whole of its prescribed duties. Activities of the team members were severely circumscribed and pressured to conform to the immediate, and often ill-conceived, conceptions of the Women's Department leadership. Before long, the team was pushed into putting the cart before the horse: trying to train women at the center for jobs which no one knew existed. Institutional analysis, curriculum analysis, even labor need studies for women all were set aside in the rush to create a functioning revolving fund and to supply seed capital and equipment to women's groups in the field centers.

One of the primary concerns of leaders and regional cadres of the Women's Department, and the 1,000 teachers in the 350 field centers, was to stem falling student enrollment, as students were being lured away to the programs and women's centers of a rival ministry. The rival centers offered similar instruction in home economic skills, plus the distribution of significant amounts of foodstuffs, donated, incidentally, by U.S.A.I.D. Consequently, the Women's Department leadership and the Ministry of Youth and Sports intended to use the non-formal education project to attract larger numbers of female clients to their centers. These would come only if they felt they could be trained quickly for jobs.

The women who frequented the field instructional centers were, in fact, not adults, but relatively young girls, who had been forced out of the main educational stream; their average age was 15. Although their age and sophistication varied greatly between rural and urban centers, it can be stated that they had no more understanding of the project than did most of the rank and file of the teaching and field administrative staff. They were told that they would soon have jobs and be earning money. Frequently, the entrepreneurial efforts of the contractor team were blocked by cadres of the Women's Department who felt that training in <u>any</u> activity would be sufficient to assure their graduates of jobs, and that supply would certainly create demand. Nor, they felt, would their women need any instruction in designing a loan request based on a solid business proposal.

Amongst the Women's Department cadres and students alike, a certain naiveté flourished. Their perception of what the project was designed to do focussed on job skills training as an end in itself. This was because they saw reoriented training in skill development as a miracle solution to the inadequacy of their centers in a changing world. The U.S.A.I.D. project, because it was an extension of the presumed genius of American technological know-how, was expected to provide this miracle. However, when the contractor team found itself faced with heavy pressure from its clients to produce quick results in an extremely confusing cultural and organizational environment, within which it was expected to implement an overly complex, unrealistic, and constantly manipulated scope of work, it began to turn in circles, unable to function properly. Factions soon developed: one concerned with giving the ministry whatever it wanted; the other concerned to redefine the project "realistically." The result was almost complete paralysis, and an eventual cancellation of U.S. funding.

The role of U.S.A.I.D. in this project was complex. From the earliest stages of project planning, assumptions had been made by project planners based on consultants' reports and by information supplied by the Women's Department. These assumptions soon took on a life of their own and became accepted truths. Important among these was the presumption that jobs existed for uneducated Moroccan women, if only they could receive the proper training. Another was that these women would be able, or motivated, to form cooperatives or private enterprise groups to earn income from their own organizational and risk-taking efforts. Yet another was that these women were mature and experienced enough, even sufficiently old enough, to understand the complexity of the tasks they were asked to perform in organizing together for income generation. The same failing was clearly true of most of the rank and file of the Women's Department.

While U.S.A.I.D. relied on a number of culture-bound, ill-documented assumptions to plan a complex effort in training and institution-building development, it quickly retired behind the convenience of a host country contract into benign neglect. When serious troubles began, eventually leading to the replacement of two-thirds of the contractor team members, U.S.A.I.D. moved hastily to a program audit, which revealed the serious shortcomings of the accomplished work. Then, while there was still time (2 years) to reorganize the project around those accomplishments, and in relation to realistic goals revealed by more than a year of practical experience by the contracting firm, whose field staff had been renewed by recently hired personnel, U.S.A.I.D. abruptly cancelled project financing.

In sum, the experience of the Moroccan non-formal education project for women was probably not very different from many others that, for various reasons, were allowed to limp to the end of their contract dates, before being mercifully forgotten. From the earliest stages of project planning, assumptions were made concerning the nature of the Women's Department and its clientèle that proved fatally erroneous. Chief among these were the desire of the department to restructure itself along radically new lines, involving a distinctly progressive set of modern values, the capacity of the Moroccan economy to provide jobs for any significant number of newly trained women from the centers, and the ability and motivation of the department's trainees to undergo difficult retraining. This was particularly apparent in the plan for organizing them into income-generating enterprises or cooperatives without the slightest chance of success in the highly competitive, male-dominated, face to face, network-controlled world of Moroccan commerce.

Added to the problem of faulty, culture-bound assumptions made by U.S.A.I.D. project designers and consultants, the inability of the various organizational structures or groups to understand each other, or, more properly, to place the same value on various project objectives, caused the project's implementation to malfunction from the outset. The various organizational groups composing the project implementational structure -- U.S.A.I.D., the contractor, the Women's Department, and the female clientele of the field centers -- were sufficiently different in terms of educational and cultural background, personal and organizational values, organizational practices, perception of short-term and long-term project objectives, and leadership and management styles, that confusion, misperception, and outright mistrust soon came to characterize their interaction and attempts at meaningful cooperation.

Conclusion

The preceding examples of the cultural problems inherent in the design of structures for project implementation have pointed out the potential perceptual and value differences that can lead to overt conflict between individuals and groups of individuals linked together in the implementation of projects. It has been the purpose of this paper to open discussion of such potential for friction by pointing out the cultural complexities of a project implementation organization, composed, as most are, of culturally disparate components; thus the paper is to be exploratory. It is hoped that the foregoing discussion will help participants at the seminar on development project management to examine critically the history of projects they know well. It is further hoped that an examination of the organizational and implementational problems of past and on-going projects in relation to the cultural conflict inherent in different personal and particularly organizational backgrounds, progress may be made in developing organizations for implementation that work.

COMMENT

Michael Horowitz's presentation of this paper emphasized participation by the ultimate beneficiaries i.e., the farmers and herders, as a way to improve the fit between projects and their environments. The type, timing, and degree of participation should become issues for evaluation by the field teams. The issue that he stressed were the different values (theirs and ours) at stake in the kinds of interventions that agricultural service delivery projects represent. He argued that sustainability would only have a chance if projects built upon the social values of the effected beneficiaries.

DISAGGREGATING DEVELOPMENT MANAGEMENT FOR AFRICAN AGRICULTURAL AND RURAL DEVELOPMENT

by

Norman T. Uphoff and Milton J. Esman

I. INTRODUCTION

The central theme of this paper is that planning and evaluating development management in Africa requires more thorough and coherent disaggregation than is usually found in the writings of academics or the formulations of practitioners. Sub-Saharan Africa itself is a highly diverse region, culturally, geographically, economically, socially, politically. There is an a priori case that standard administrative organization and practices would be inappropriate in many, perhaps most places.

But beyond this, once one begins analyzing the variety of levels, sectors, functions and objectives of development administration, it becomes evident that standard administrative organization and practices will be inappropriate for most development purposes as well.

In the literature on development administration and management, as well as in consultant reports and expert conferences, there have been repeated calls for "decentralization" of government operations, to provide more differentiated and more responsive services to the public, especially where central capacities to provide many services are weak.

But this prescription derives from social and political contexts quite different from most of sub-Saharan Africa. The constituent aspects of decentralization -- deconcentration and devolution -- do not fit the African circumstances as aptly as they apply elsewhere. Central governments often have little capacity to provide services beyond the main urban centers and little authority to remit or share. On the other hand, there are latent managerial capacities outside government that can be mobilized to support developmental activities in rural areas.

We are searching for more suitable terms to guide African development management. The overall concept we propose is that of "disaggregated" development management. We proceed empirically, invoking relatively little "theory," seeking rather to identify managerial capacities and potential wherever they can be found. Such an effort requires disciplined analysis, using concepts that are rigorous and categories that are mutually exclusive. Anything less will muddle an already confusing task.

Our basic approach is to distinguish between "state" and "societal" sectors, on the one hand, and between "national" and "local" levels, on the other. In Africa, most efforts at improving development management have been focused on the state and national ends of the two continuua. In fact, for development management to become more broadly effective, there needs to be more focus on the societal and local ends of each spectrum.

Apart from the central institutions of government, which have a role in any decentralized or disaggregated program of development management, one can deal with:

1. Administrative structures which reach 'down' through bureaucratic hierarchies on behalf of the center to the district or sub-district level, responsive primarily to the directives of the government.

2. Local structures which can reach 'up' from the individual and household level to undertake collective action in response to local needs.

An elaboration and meshing of these two sets of structures, as discussed in Part III, holds the key to improved development management. For this to be done effectively requires a systematic understanding of the variations within the administrative and the local realms, so that tasks and capabilities can be disaggregated and matched. This analysis we offer cursorily in Part II, to be followed by an exploration of problems of disaggregated management that are particularly relevant in contemporary Africa.

II. FRAMEWORK FOR DISAGGREGATING DEVELOPMENT MANAGEMENT

Development management can and should be disaggregated in at least five ways -- according to the:

(a) levels at which the management activities occur;

(b) channels through which the management is undertaken;

(c) sectors were management is to be accomplished;

(d) inputs which can be utilized by managers; and

(d) functions which are performed by managers.

In our analysis we will suggest how each of these presents particular problems and opportunities for improving development management in Africa by taking a disaggregated perspective on the tasks of management.

A. LEVELS OF DEVELOPMENT MANAGEMENT

Analytically one can identify at least ten levels at which development management responsibilities may be assigned. These range from the international (supra-national) level down to the level of the individual decision-maker.

1. *International* Level of Management (Donor Agencies)
2. *National* Level of Management (Central Government)

3. *Regional* Level of Management (State/Provincial Government)
4. *District* Level of Management (District Administration)
5. *Sub-District* Level of Management (Sub-District Offices)

6. *Locality* Level of Management (Market Town Area)
7. *Community* Level of Management (Village Residential Area)
8. *Group* Level of Management (Hamlet, Occupational or Other Grouping of Households and Individuals)

9. *Household* Level of Management
10. *Individual* Level of Management

The first two levels (international and national) are highly aggregated levels for development management. Below them we come to three "disaggregated" levels -- regional, district and sub-district, which are "administrative structures," as discussed in section I. Not every country has all these structures. Some countries with little management capacity (or very small size) have only the national and district levels of administration.

What is colloquially called "the local level" in practice has three disaggregated levels -- locality, community and group.

The *locality* is a set of communities that have established patterns of communication, economic exchange and social cooperation, usually corresponding to what is called in regional science "market towns." (Johnson, 1970; Mosher, 1969). In not very large countries, the sub-district and locality may cover essentially the same area and population, in which case there is one less level to be considered. On the other hand, we also find very often in African countries that the administrative boundaries (sub-district or district) do not coincide with the "natural" social boundaries set by patterns of kinship, intermarriage, or traditional authority, as discussed in section III. Thus there can be problems arising from the incongruence of social and administrative units of action.

The term "community" implies a fairly cohesive and bounded social unit, having common interests and capability of collective action. In fact, this is not always the case. In Africa, what are called "villages" were in fact often administratively defined to suit bureaucratic convenience, for tax or census purposes. One should not assume that the "community" level exists in any more than a nominal sense (as shown to be the case in parts of Botswana by Roe and Fortmann, 1982). But where it is operative, it presents substantial opportunities for devolving development management responsibilities.

The group level is a familiar and very flexible one, not necessarily defined territorially as are the levels above it. Groups are made up of members (though residence, as in a neighborhood, can be a criterion of membership). Economic interest, age, sex, and especially kinship can provide the basis for group identification and action. If groups get large enough, they can reach the locality, district or even national level, but once beyond the elementary group level they acquire a territorial definition, and the level is no longer that of a simple "group."

When it comes to development management, the activities of the household and individual are not seen as part of the system so much as being the objective of management. The activities of higher levels of organization should assist individuals and households to become more productive, more healthy, better educated, more secure, more in control of their lives, etc.

The tasks of disaggregated development management are to be shared among these six levels (3 through 8), so that the burden of planning and supervising agricultural and rural development can be shared by repreentatives of rural society as well as by agencies responsible to the state. The assignment of tasks among levels would depend on the sector and function to be served, and on the social and organizational capacities existing or potential in the country.

The levels described represent options for development management but they should not be regarded as mutually exclusive alternatives. Agencies are not likely to be successful if they try to build capacity and handle operations at a single level in isolation from others. Rather, strategies should seek to strengthen complementary capacities at several levels, supporting effective vertical linkage among them. Special efforts should be made to identify and draw on the neglected managerial capabilities of the societal sectors, 6 through 8, and to link them with regional, district and sub-district agencies of government, voluntary organizations and private enterprises.

B. CHANNELS OF DEVELOPMENT MANAGEMENT

The channels through which development management activity can take place are of different kinds. They range on a continuum from public sector organizations at one end to private enterprises at the other. In the middle are membership institutions which have some characteristics of both the public and private sectors, seeking collective rather than purely private benefits through group action, but acting in a voluntary way rather than relying on the authority of the state (Esman and Uphoff, 1984). The channels are of three basic types:

(a) governmental or quasi-governmental: organizations that rely on the authority and other resources of the state; in addition to line departments, this may include agencies operating somewhat independently of thegovernment ernment of the day, e.g. public corporations, still accountable to the "public" directly or indirectly;

(b) membership or self-help: organizations set up by persons to advance their interests through collective action; including cooperatives as well as functional and interest groups accountable to their members like water user associations or women's clubs;

(c) private or quasi-private: organizations that operate on a for-profit basis, accountable to owners rather than to customers or employees (except through price or collective bargaining mechanisms), or on a charitable basis, such as Red Cross societies or religious organizations, accountable to patrons or conributors rather than to beneficiaries.

These channels represent a different way of viewing the options for development management and should be seen as complementary (Uphoff and Esman, 1974). Planners should seek to capitalize on the respective strengths of each possibility, to compensate for the weaknesses of other channels. For example, the amount of resources that can be drawn on through public channels is usually greater than through voluntary or private channels, but the flexibility of resource use through the latter is greater.

It is unlikely that development programs can succeed working through just one of these channels, since they are mutually supportive even more than they are competitive. Even co-ops and small businesses in a community may contribute to the more efficient functioning of each other. Disaggregated management involves not putting all one's development "eggs" in any one basket but rather distributing them appropriately by channel as well as level.

The analytical categories of level and channel together encompass the organizational variety sketched in the workshop proposal. Its 17 examples are shown in the table on page 6. Numbers in parentheses refer to the proposals's numbering of examples.

ALTERNATIVE MANAGEMENT CHANNELS

LEVELS	Governmental/ Quasi-Govt.	Membership/ Voluntary	Private/ Quasi-Pvt.
International	Bilateral & intl. donor agencies	Society for Internatl. Development	Multi-natl. corporations/ external PVOs (9/12)
National	National ministries/ parastatals/ autonomous authorities (1/5/6)	National cooperative federation (14)	National corporations/ national PVOs (10/13)
Regional/ State/ Provincial	State govts/ decentralized units of natl. administration/ regl. parastatals and authorities (2/3/5/6)	Regional cooperative federation (14)	Regional companies/ regional PVOs (10/13)
District	District administration/distr. local government/ bank branches (4/8)	District supply cooperative (14)	District companies/ charitable org's. (11/13)
Sub-district	Sub-distr. admin. offices/possibly sub-distr. local govt./bank branches (4/8)	Sub-district marketing cooperative (14)	Rural enterprises/ charitable org's. (11/13)
Locality	Extension service/ schools/clinics (4/7)	Wholesale cooperative society (14)	Small businesses/ service orgs. (11/13)
Community	Extension agent/ teacher/visiting nurse/ village self-government (4/16)	Community cooperative/ health committees (14/15)	Small businesses/ service orgs. (11/13)
Group	Neighborhood or ward councils (16)	Water user associations/ pastoralist groups (15)	Informal sector businesses (11)
Household/ Individual (17)	Citizen/voter/ taxpayer	Member	Customer/ beneficiary

C. SECTORS OF DEVELOPMENT MANAGEMENT

There is sometimes a presumption that "management" is so generic a process that it is essentially the same for any and all activities. As discussed in section D below, there are some generic functions which can be ascribed abstractly to all management. But the profile of management activities should be varied for the different concrete requirements of the various sectors.

Since the projects to evaluated under this program are chosen from among agricultural and rural development activities, with an emphasis on agricultural research, extension, supply and marketing, we will take this sector for our examples. The kind of development management required for agriculture is not what is needed for primary health care or for rural public works, to refer to contrasting sectors. The differences may often be more of degree than of kind, but they are significant nonetheless for choosing among the different channels and levels when searching for the best mix to implement development projects.

Let us start with consideration of personnel management and getting the best performance from staff, the focus for our workshop's second working group. In development management, relations with the "client" are very important, to get the best technical result intended and to encourage the behavioral changes implied in that particular aspect of development.

In agriculture, the "client" is usually a household or individual producer, not a patient as in health or a user as with a rural road. The institutions of government, self-help and private business are effective in promoting agricultural development to the extent they can prompt thousands, even millions of micro-enterprises faced with resource constraints, risk factors, limited knowledge, etc. to make entrepreneurial decisions which result in increased output or stability of production. The whole environment must be taken into account -- weather, prices, storage facilities, interest rates, etc. Appropriate inputs must be available in a timely way,at convenient locations and acceptable prices for higher levels of technology to be used.

Consider how this differs from health care. When it comes to giving immunizations or suturing wounds, patients need enough trust in the professional or paraprofessional serving them to come forward for treatment. But most treatments once given are more likely to work on their own than agricultural advice and inputs, which need to be used and tended by the farmer over a long period. This is not to underestimate the importance of patients' responsibility for their own health care, but the body for all its marvelous complexity operates more autonomously than a small farm enterprise. The staff and organization for development management in agriculture needs to be far-flung, accessible, coordinated, knowledgeable, responsive to a degree greater than in health, where patients more often have urgent symptoms and incentives for seeking care when needed.

Similarly, the relationship of a public works engineer with rural people concerning construction of a bridge is different from that of agricultural technicians. If it washes out later, he may lose face with professional colleagues, but the impact on the community is not the same as if agricultural advice leads to a crop failure and households are threatened with starvation. The factors that can cause crop failure are more numerous and unpredictable than those which threaten a bridge. Consequently, a "technocratic" approach to staffing and deployment may be more appropriate for public works than agriculture. Orienting staff to seek status with their professional colleagues may be a means for realizing better performance from engineers in a way that would not work for agricultural technicians, since a crop failure can be explained away more easily than a bridge failure. Getting maintenance of public works may require a still different set of managerial incentives.

In the area of financial management, we find that all three sectors, to differing extents, are likely to diverge from the modal pattern of expenditure flow which is set by the budget or calendar year rather than by seasons, though agriculture is generally the most seasonal of activities, and health the least of the three sectors.1/ The pace of work not only by farmers but by the extension, supply, marketing and other staff associated with agriculture is dictated by the seasons, the timing of rains, the ripening of the crop, the onset of diseases, etc. Movement in rural areas is also greatly affected by the weather. To a lesser extent, construction and repair of roads, bridges, etc. is constrained by seasonality. Rural health follows seasonal cycles, but many of the diseases and ailments people have, and the need for nutrition and family planning advice, are year-round.

For government, private or membership organizations to be useful in supporting agricultural development, they need to be attuned to the cycle of the seasons. Government budgetary practices are commonly paced by a cycle of their own, quite different from the ebb and flow of agricultural activity. The budget year has times of "peak labor demand" usually at variance though in some countries conflicting with the equivalent constraint in agriculture. Efforts to have uniform rates of financial disbursement lead to quarterly allocations for expenditure which may have little relationship to the needs of organizations serving agriculture. (This applies certainly to rural works, where 75% of its funding may be needed during 3-4 months of the year.)

To the extent that government organizations have inflexible personnel rules compounding financial rigidities, they may be unsuited for promoting agricultural development, and private or membership organizations may be more efficient if they can expand and contract staff as needed and make available the supplies and

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1/This is a comparative statement. In fact, rural health has substantial and serious seasonal variation, as documented in Chambers, Longhurst and Pacey (1981:163-214).

needed to match the cycles of work in agriculture. A limitation on membership organizations comes because of the crop cycle. Farmers have the least financial resources at the time they need them most, at planting time and even more at the end of the season. Unless farmers associations or cooperatives can get credit from government or private banking sources, their utility in agriculture is limited.

D. INPUTS OF DEVELOPMENT MANAGEMENT

The things which development managers at any level acting in any channel can manipulate are limited. Some are very tangible and concrete, others are almost ineffable but important. We will focus here on the most tangible ones, though mention will be made of others harder to quantify and control.

The inputs of administration are commonly denominated in terms of money, but one of major problems of development management in Africa, as discussed in part III, is that money is not always convertible into the specific inputs needed and wanted. One way of taking this into account is to refer to inputs in terms of the 3 Ms -- men, money and materials. Though all can be denominated in money terms, the distinction already points out the difference between having just money and having the wherewithal of management, such as spare parts. To these three must certainly be added information, technical or more general, which may or may not be attainable with money. These are the main four "inputs" one is concerned with most of the time.

Complicating the management task is the fact that use of these inputs requires an additional resource called authority. One can have budget allocations, personnel on hand, even vehicles and stocks of supplies but not the authority to use them. Or conversely, one can have authority to do something but not the wherewithal to accomplish one's objectives. So, authority should be treated as a complementary resource, almost a super-resource, in development management, something that can be allocated just as specifically as funds, in terms of the legal right to take certain kinds of actions.2/

The resources of special concern in development management, then are:

(a) financial resources (funds, budget, revenue, credit))

(b) material resources (equipment, supplies, vehicles)

(c) personnel (staff, manpower)

(d) information (expertise, baseline data, management information, etc.)

2/This concept of authority as a resource has been elaborated in Ilchman and Uphoff (1969) and Uphoff and Ilchman (1972).

(e) authority (legal right to make decisions concerning a, b, c, d and other matters)

In the specialized topics for this workshop, the working groups on financial management and on enhancement of management will deal respectively with (a) and (b) and with (c) and (d) while the group on administrative processes and structure focuses on (e).

Having authority may also entitle one to disposition over an additional resource in development management -- coercion. But this is often not a very productive resource for achieving developmental change. Behavior may be modified in a desired direction by the use of coercion, but maintaining the change then usually requires continued expenditure of coercion, which is itself a scarce and often costly resource to use.3/

The other "softer" resources which development management can have are status and legitimacy (Ilchman and Uphoff, 1969). These are in effect "produced" by members of the public and accorded to persons in positions of authority or to private actors like businessmen or professionals. To the extent that persons undertaking development management tasks enjoy status and legitimacy, they will get more compliance with their decisions than otherwise.

We do not want to emphasize these resources, though legitimacy in particular is crucial for "institution building," which is the concern particularly of the fourth working group in this workshop (Esman, 1972). It would be a mistake to think that development management involves only men, money and materials, or also information and authority and maybe coercion. The effectiveness of any institution in carrying out tasks of development management will be conditioned by the extent to which its actions and values correspond to the needs and norms of the population being served, so that these soft resources of status and legitimacy are generated.

F. FUNCTIONS OF DEVELOPMENT MANAGEMENT

In addition to considering levels, channels, sectors and inputs, one should analyze the various functions which cut across all sectors, utilizing inputs at each level and within each channel. We are not going into these in any detail but will just

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3/Von Vorys earlier put the problem very aptly when he wrote that "the resources of coercion in Asia, Africa and Latin America are in short supply. They are too scarce to be effectively dispersed throughout the countryside. They are too scarce to be easily extended into the villages where most of the population resides." As important, "coercion is primarily a negative instrument...suitable for the prevention or suppression of deviant behavior. Force is much less useful and may even be dysfunctional as an incentive for positive, constructive activity." (1967:354) mention them to complete the analytical framework, since these functions are generic and need to be managed effectively to promote agricultural or any other kind of development. These are things that fall particularly in the area of concern for the third working group, on administrative processes and structure.

Some of the major functions deal with the inputs just discussed.

(a) Financial management is a function all organizations, public or private, need to discharge by disbursing and accounting for the funds involved in their activities.

(b) Equally ubiquitous is personnel management, handling the staff of the organization, maintaining discipline and morale, upgrading skills, deploying talents, etc.

Other functions deal more with process than with inputs:

(c) Planning of some sort is required for all organizations and for all projects and programs.

(d) Communication within the organization and with relevant sectors of the public must be attended to in all organizations.

(e) Monitoring and evaluation represent a generic activity to gain feedback, more or less formally, to guide the performance of the organization. It may or may not be undertaken in a systematic way, but should be regarded as a basic function.

Still others deal with both processes and inputs:

(f) Resource mobilization is done differently in public, private and membership organizations, and the range and amount of resources needed can vary greatly, but good performance of this functions is essential.

(g) Maintenance of equipment and facilities, one of the most neglected activities in Third World management, perhaps because it is not regarded as "developmental." Project breakdowns and waste of capital commonly result from maintenance failures, many of which can be attributed to failure of the donor agencies to provide for this management functions.

(h) Establishment and maintenance of linkages is a generic function, not entirely separable from the others listed but deserving special attention. It includes relations with the public and with other public and private organizations that provide inputs and support. This function is critical for institutional development.

This listing of functions could be elaborated. Its purpose is to indicate a further disaggregation of development management analysis. Any effort to evaluate development management needs to have such a listing of functions to be assessed in the field, to pinpoint areas of strength and weakness -- for any organization, at any level, in any sector. Evaluation should establish how satisfactorily the organization is performing these various functions, and should identify reasons for superior or inferior performance.

III. PROBLEMS OF DISAGGREGATED DEVELOPMENT MANAGEMENT, OF SPECIAL SIGNIFICANCE IN AFRICA

Here we will probe some of the practical problems that are likely to emerge in the design and management of agricultural and rural development projects in the Africn context. We shall indicate how the disaggregated approach should help in identifying problems, strengthening management capabilities both in the state and in the societal sectors, and in working out effective management strategies and practices.

A. DIFFERENCES BETWEEN SEDENTARY AND PASTORAL SOCIETIES

The literature on agricultural development is usually preoccupied with growing and marketing crops, and this is no less true for the literature on agricultural development administration. When animals are noted, they tend to be treated as ancillary to the main task of crop production. Development administration has invariably assumed that the publics to be served are spatially fixed, in more or less permanent residences and associated with working on specific landholdings.

This may be a reasonable approximation for project planning and management in many parts of the world, but in Africa there are large and significant populations which are not sedentary. These include not only the declining communities that practice shifting cultivation but more importantly, the pastoralists who comprise as much as 20 percent of the rural labor force in sub-Saharan Africa. We expect that Michael Horowitz's paper for this workshop will give more background on this subject than we can or should try to offer, since he has much more expertise than we. Our comments here are intended to tie that subject into the consideration of management issues.

Governments and foreign donors tend to understand better and thus to orient their services to the circumstances of settled, crop-growing societies. They have more difficulty relating to the social structures and mobile economic activities of pastoralists in part because they do not know how to reach them. These societies are underserved also because reaching them is very costly per person. It is also often true that governments would prefer that pastoralists settle down and become sedentary farmers.

In some countries also, pastoralists are politically outside, even far outside the "core combination" of sectors that rule, whereas sedentary interests are at least within the "ideological bias" of the regime. Such considerations may be elaborated in the paper for this workshop by David Leonard.

Since we are not experts on pastoralist societies, the following comments should be taken only as observations of persons who have studied field adminstration cross-culturally. Michael Horowitz and others can elaborate on or qualify these views in the workshop. There is also, fortunately, an excellent book-length treatment of this subject now available (Sandford, 1983).

If governments intend to reach pastoralist communities, which constitute a significant share of their public and which often cover a large share of national territory, they and the foreign donors assisting them must:

(1) take account of the details of their migratory cycles; even semi-nomadic populations present very complex and poorly understood patterns of economic and social activity as our colleagues Roe and Fortmann (1982) showed in the case of Botswana;

(2) establish effective communication with their social organizations in order to gain more accurate appreciation of their needs and of the timing and methods by which these needs can be attended to;

(3) employ and train persons from pastoralist communities to provide services in the vernacular language; and

(4) increase the ability of pastoral people to provide a wide range of services through their own social organizations, by their own management practices and through persons who remain in and move with their communities, e.g. by training, equipping and supporting paraveterinary personnel and community health workers (Esman et al., 1980; Esman, 1983).

Relations between governments dominated by sedentary sectors and the pastoralists become exercises in cross-cultural diplomacy. There is a marked reluctance among many African governments to modify their standard management practices in dealing with the pastoralists, yet the pastoralists are too important economically to be ignored, and national security questions may also come into play. As a practical matter, it is necessary to draw heavily on the management capabilities within pastoralist societies and to use persons with pastoral backgrounds as intermediaries between the state bureaucracies and pastoral communities.

It makes sense to capitalize on the flexible capacities of private sector suppliers and traders to overcome the rigidities of public bureaucracies in relating to mobile societies.

Also, although formal membership organizations of herders have not been very successful in Africa, this is largely because of the way they have been introduced from outside.4/ Range user organizations appropriately conceived, introduced and structured remain an important part of any disaggregated development management "mix." (Sandford, 1983). We would note also that USAID has now a particularly promising experiment going on now in Niger (see Wall, 1983).

B. INCONGRUENCE BETWEEN ADMINISTRATIVE AND NATURAL BOUNDARIES

This is a common problem in field administration, by no means unique to Africa. Administrative boundaries are generally delimited in territorial terms and determine the area for which particular administrators and technicians are responsible. Frequently these boundaries have been arbitrarily defined and may have little relationship to the so-called "natural" boundaries, either physical/geographic or social/cultural. Areas that have a common water source or that are inhabited by a single community may be divided for administrative purposes among two or more districts for extension, credit or public works.

The same tribal chief or cooperative society may have to transact with two or more district officers and two or more public works engineers, each having an impact on the same set of people. The distinterest of bureaucrats to communicate horizontally in the interest of their common clients can produce inefficiency and inconvenience at a minimum and stalemated, failed programs when boundary problems become extreme. The burden of integrating services gets placed of necessity on local communities which are in most African contexts ill-equipped to accomplish this.

Some divergence between administrative and "natural" boundaries is found in every country. But in Africa the problem is demonstrably greater. When administrative boundaries were demarcated by colonial officers decades ago, little of the area had been surveyed. Much was common property, and officials were not familiar with significant local landmarks. For the sake of clearly drawing boundaries, roads or rivers were often chosen, thereby dividing communities down the middle or putting users of a common water source in two differnt districts. No better was the drawing of abstract straight lines on maps which were likely to cleave communities, tribes or kinship groups. Such lines put into the same district then persons with different language or ethnic backgrounds. Such characteristics are more often salient in African countries than elsewhere.

Bureaucracies are predictably reluctant to change administrative boundaries, even in order to accomodate natural or social realities. Rather than adjust bureaucratic lines,

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4/For two examples of inappropriate approaches, see Odell and Odell (1980) on Botswana, and Gooch (1979) on Upper Volta.

governments and donors more frequently decide to establish special or project authorities with ad hoc jurisdiction for a particular activity outside the framework of normal departmental operations. These special agencies can concentrate on a single set of tasks, are often exempt from normal financial and procurement regulations, and thus are better funded, better supplied and able to pay better salaries than normal government agencies. In solving one set of problems, however, the special authorities create more serious, long-range difficulties. They breed envy and animosity with the line departments, erode the latter's capacity and morale, multiply the problems of program and policy coordination, and frequently collapse when outside aid is terminated or when political patrons leave office.

Though categorical statements on this subject should be avoided, experience indicates that the burden of proof should always be on those who would create special authorities. What should take precedence is the gradual improvement of the managerial capacities of the normal agencies of government, especially at the operating level in the field. Concomitantly, the managerial capacities of the localities, communities and groups which speak and act on behalf of their members should be strengthened. To the extent that responsibilities are devolved to localities, communities and groups, which are more "natural" in their scope and membership than most higher-level administrative entities, the problems of incongruence of boundaries will be mitigated.

C. THE VULNERABILITIES OF FIELD ADMINISTRATION

A closely related set of problems is the weakness in functioning of government bureaucracies outside large cities. This is a particularly difficult problem in Africa where central governments lack the financial means, the trained manpower, the physical infrastructure, and the experience to manage operations over large territories with great natural variations and ethnic heterogeneity.

The conventional prescription -- to decentralize so as to overcome the obstacles of poor communication and inflexible rules and procedures -- is usually resisted by central staff who fear the loss of control and have little confidence in the capabilities and often the integrity of field personnel. This reluctance is not overridden by political leaders who fear that centrifugal political forces may alter the government structure.

Bereft of the means to perform their tasks, unable to respond to local needs, and lacking in self-confidence, field staff fall back on formal routines and strict conformity to regulations. Quite possibly, they may pursue their own business interests, not frequently misapplying government resources for their own benefit or that of their kinsmen.

The services provided by government usually flow through specialized, vertical bureaucratic hierarchies.5/ The degree of specialization tends to be modelled after the sophisticated structures of metropolitan centers in Europe and sometimes this specialization is inspired by well-meaning donors who seek to replicate internationally recognized "standards" in the African environment.

Frequently such specialization has perverse effects. In the agricultural sector, governments which are capable of only superficial coverage of rural areas provide services that are unsuitable or available only to a small proportion of the better endowed farmers, especially those producing export crops. An analogy is the ultra-modern national hospital in the capital city where government officials and the urban middle class have access to sophisticated medical care while the great majority, especially in rural areas, receive only rudimentary health care.

When governments can afford to extend services to rural areas, staff generally operate in water-tight compartments. The extension officer, the veterinary officer, and the marketing agent seldom coordinate their advice and their schedules because each is responsible to an official at a higher level who manages his specialized program independently of others according to rules established by his own professional hierarchy.

How, then, can the necessary horizontal coordination be achieved? By informal adjustments among field staff? This is possible only if all the agencies agree or are compelled to deconcentrate their staffs and devolve decision-making to field personnel. By formal councils under a senior official, such as the district officer? This may itself create new formalistic rigidities, but in any case, it is better suited to one-time construction jobs than to on-going operations. By vesting multiple functions in a single field officer? This may create integration at the cost of technical expertise. By pressure from local groups of farmers or local councillors, who can demand that government technicians integrate their services for the benefit of the public they are supposed to aid? Less concerned with bureaucratic "turf," local representatives may be able to have some impact on service delivery if they can have influence with higher political and administrative levels. Local businessmen if brought into negotiations, always concerned with the health of their enterprises, may be able to work out informal relationships that result in more effective coordination of services.

5/Such specialization was carried to its absurd extreme in Ghana during the mid-1960s when there were separate ministries for animal husbandry and for animal health. The animal scientists and the veterinarians, who were locked in a professional feud, thus each had their own bureaucracy and could operate without regard to what the other was doing. "Urban bias" was evident in the posting of the 11 veterinarians in government service; seven were in Accra or Kumasi, spending most of their time on dogs, cats and (race) horses. Reported in Uphoff (1970).

Each of these methods may be more or less workable under some circumstances, and none can be prescribed as inherently superior. They represent alternatives available to program designers and managers who must find ways to counteract the low performance level of existing management systems, especially those dealing with agricultural and rural development.

D. THE TWO CULTURES IN RURAL ADMINISTRATION

Most agricultural and rural development programs require collaboration and sharing of management responsibility between the bureaucratic agencies of the state and organized representatives of rural society. The quality of this contact between them (this "interface") determines how effectively their joint resources are used. It is an inherently difficult and problematic relationship because even if the same language is spoken on both sides, it brings two different "cultures" into uneasy contact.6/

The cultures of African peasantry and of African bureaucrats intersect only at the margins. Each has its unique "calendar," neither being the calendar year one usually thinks of. For the farmer, the relevant cycle of activity follows the coming and the ending of the rains, while the official is preoccupied with a different "cropping cycle" known as the "budget year." The pace of activity and "peak labor demand" are thus divergent, or if they overlap still greater problems can arise between the two. The farmer regards money as something scarce and valuable, for which he or she has to labor long and hard, with no certainty of success. The official gets money, in effect, "for the asking." His money comes from a flow of paper rather than a flow of sweat.

The bureaucratic culture is governed by specialized roles, formal rules and hierarchical patterns of authority different from, but no different in their "traditionalism" from the inherited roles, informal rules and evolved patterns of authority found among the rural population. Officials have formal educational credentials, steady pensionable jobs, and aspire to a western life style. Many are from the urban areas, speak a European language and look upon "backward" peasants and peasant life with ill-concealed condescension. Consequently they spend as little time in the field as possible.

The career advancement of officials depends more on satisfying their bureaucratic superiors than their peasant clients. The rigid rules to which they are subject in matters of finance, procurement of supplies and availability of transport distance them even further from the publics they are expected to serve.

6/This concept of contrasting "cultures" in the delivery of rural services was proposed in an analytical paper prepared for the 1973 USAID Spring Review on Small Farmer Credit by Cynthia Gillette and Norman Uphoff, "The Credit Connection: Cultural and Social Factors Affecting Small Farmer Participation in Formal Credit Programs."

Often they have too little in the way of resources to help more than a handful of rural households, and often the information they have to purvey is not relevant to the specific needs and capabilities of small farmers. Relatively little agricultural research has been done in Africa, and most of this has focused on export crops, not on the crops and practices of most concern to resource-constrained small farmers (let alone pastoralists).

The burden of adjustment whenever cultures conflict falls on the weaker party, on the peasant, if they wish to derive any benefits from the services of the state. If these are irrelevant or unreliable, there is no incentive even to make allowances. The long-run objective is to increase the compatibility of these two cultures, so that the resources of government, including those provided by foreign assistance, can really contribute to rural development.

The solution cannot be found simply in rapid expansion of the agencies serving rural publics, or in the creation of new agencies and programs. The severe budget constraints facing all African governments, further constrained by their urban bias which will not be quickly redressed, mean that the growth of capacity within the rural arms of government administration will be slow and at most incremental. In addition to improving their performance by internal reform -- which will be discussed in the last section -- program designers should address themselves to bridging methods which can reduce the gap between the two cultures.

One method is by empowerment of local communities, by making it possible for them to exert more influence or even direct control over the field staffs of government agencies. To the extent that they contribute to salaries, or influence promotions, or determine work priorities, local communities or groups can compel field staffs to be more responsive to their concerns. Though administrators (and most foreign aid agencies) abhor political interference, local politicians can sometimes be useful in directing civil servants to the needs of their constituents and in prodding officials to make adjustments to the priorities and convenience of the public.

Another method is to increase the number, training and support of paraprofessionals who are part of the community and who, in addition to providing simple but needed services, can help to interpret the needs of the public to government officials. Conversely, they can convey more effectively to the public the conditions of government assistance (Esman et al., 1980; Esman, 1983). Methods for bridging the gap between the two cultures should be an explicit concern of those who design management structures for agricultural and rural development in Africa. Putting into place the management capabilities encompassing the levels and channels sketched on page 6 would supersede the "gap" with a "matrix" for development management.

E. DIFFICULTIES IN CONVERTING 'INPUTS' INTO 'OUTPUTS'

To turn to a problem of "process" more than "structure," we would take up a difficulty referred to in part II. As noted, African governments even more than other LDC governments are facing severe fiscal crises in the 1980s. Much attention is now focused on how to get for governments the needed financial resources to operate existing programs, let alone make progress with new initiatives in agricultural and rural development.

There is a danger that preoccupation with aggregate levels of financial inputs will mask the major management problem of converting money into what is actually needed to make development programs run. This problem once stated is obvious, but it is commonly neglected, because _in principle_, with funds (and authority), work should proceed. In fact, in African circumstances the equation of money with capacity to accomplish results is quite mistaken.

The first problem arises when funds and _authority_ are not matched. It is quite common for a manager in the public or quasi-public sector, and possibly in a cooperative, to have money available but not the authority to spend it, or conversely, to have authority to spend money on a certain activity but no budget allocation. Money must be matched with authority to be made useful.

Second, it is often difficult to get the _personnel_ needed even if budget for them is in hand. Persons with the particular skills needed may not be available, either because they are not willing to work in the position that is open, or because they may not be willing to accept the salary which is authorized, or because there are simply not such persons in the country.

For personnel to be productive, they must be able and willing to work at the assigned tasks. Personnel are often too poorly trained or too poorly motivated to accomplish what is wanted. Civil service rules and regulations frequently make the life of a manager almost impossible by denying him or her the needed hands and minds. A principal advantage of private sector channels is the flexibility they have on personnel matters. Also their managers usually have authority to spend whatever money is available as long as they can produce results (profits) from it.

Third, money does not necessarily translate into the required _material support_. Even if one has the funds and staff, for example, one may not be able to get results from them because needed equipment is missing, or one cannot get spare parts for it if broken.7/ Or there may not be enough vehicles, or they may be broken down or have no fuel. We know for certain that rural development management requires mobility of staff.

7/We know about how the work of one animal research station in West Africa was impeded for several years by the lack of a scale to weigh newborn calves as part of its breeding program.

Fourth, and contributing to the third, is the frequency with which foreign exchange constraints intervene in management. One can have local currency in the budget but not approval of the Central Bank for spending it on spare parts or technical assistance from overseas. Complicated procedures for authorizing foreign exchange use, justified perhaps as a means of rationing, are very costly in terms of administrative effectiveness.8/

Fifth, effective management requires information and this is frequently hard to come by, even with money. Some information takes time (as well as personnel, equipment and foreign exchange) to acquire, such as an adequate mapping of soils. Other information may not be attainable, such as a 50-year record of rainfall or of flooding frequency and levels for a river. Having money is no guarantee one will be able to know how to use it productively.

Sixth, even if one knows what would be good to do as a manager, and has the funds and other wherewithal, there is no assurance he or she can get compliance with decisions judged to be technically correct and politically advisable. States in Africa are notoriously unable to enforce decisions on their publics. Coercion as we have noted is a scarce resource, and cooperation from the public seems to be getting more rather than less difficult to acquire.

All of these considerations of how money does not necessarily translate into the concrete needs of program operation point up the need to disaggregate resource constraints when assessing bottlenecks in African development management.

If reforms could be introduced which gave managers in the public and quasi-public sectors the kind of discretion (ideally) found in the private sector, this would contribute to getting more value from the very scarce financial resources which governments ad donors can make available for agricultural and rural development.

8/An unhappy situation which one of the authors witnessed in Ghana occurred when the director of irrigation for the Northern Region had to forgo a whole construction season because he could not get both the budget expenditure authorization from the Treasury and the foreign exchange approval from the Central Bank at the same time. He needed to import a replacement for a broken fan belt for the low loader which transported his construction equipment from one dam location to another. He had funds in his budget, but they were released on a quarterly basis, and by the time he could get Central Bank approval, his Treasury authorization had lapsed. Several million dollars worth of equipment consequently lay idle during the non-rainy months when they could have been used. The staff were drawing their salaries, but no work was accomplished. The director had made several trips to Accra (600 miles) to try to expedite this transaction but with no success (Uphoff, 1970).

F. INCENTIVES AND SANCTIONS FOR IMPROVED MANAGEMENT

There are two standard kinds of prescription for improving mmanagement in bureaucratic structures: structural reforms, such as decentralization, better internal communication, and more efficient procedures; and improved staff performance, primarily by enhancing technical and human relations skills through training. These are important needs in the African administrative environment. But the success of structural changes and skill development depends on suitable motivation for persons to behave in ways that are instrumental to desired program outcomes. In African agricultural administration, this implies a commitment to serving rural publics even under difficult working conditions, to accomodating their needs and convenience, and to working with and through local community institutions (Korten and Uphoff, 1981).

How to accomplish this form of behavioral change? By combinations of incentives and sanctions, by systems of rewards for desired behavior and penalties for failure to perform. Government employees can emerge from training experiences full of enthusiasm for the service ethic, only to find that in the administrative environment to which they return, such behavior is not rewarded and may indeed be penalized. Or they may be overwhelmed by the impedences described in the preceding section. In either case, they elapse into familiar behavior that is accepted according to conventional bureaucratic norms.

Training may help to develop more appropriate skills and understandings, but applying these on the job requires a compatible regime of rewards and sanctions. Tangible and intangible rewards -- in the form of recognition, praise, salary increases and promotions -- can be allocated according to different criteria within the bureaucracy, and they can be affected by the organized publics with which members of the bureaucracy interact. This suggests that local organizations be invited to participate on a continuing basis in influencing rewards and penalties. In this way, civil servants become dependent to a degree on public good will as well as on the evaluations of their official superiors.

The criteria of bureaucratic evaluation need to change, from strict conformity to rules and routines, toward service to the public. Promotion needs to shift from from pure seniority to demonstrated performance. The greater the influence of organized publics, the more likely that standards applied within the bureaucracy will reflect these new criteria.

Reporting systems and inspections which enforce bureaucratic discipline should be oriented to developmental achievements so that field staff get the message, that they will be rewarded for bending the rules and taking initiative that meets the needs of the public. Alternatively, they will be faulted for adhering to rigid routines and formal rules if these stand in the way of meeting reasonable demands from the public.

This does not mean that rules and routines are to be lightly superseded, but that they should be interpreted and applied in ways that enhance the use of scarce resources for development, rather than be treated as ends in themselves. Personnel who understand this difference and behave accordingly should be encouraged and rewarded. Donor agencies could in turn encourage and reward bureaucratic leadership that promotes such a reorientation.

Management performance in non-governmental organizations is not inherently immune to corruption, nepotism or incompetence, "populist" ideology notwithstanding (Montgomery, 1979). In these organizations, where face-to-face relations more directly influence behavior, the more participatory the procedures, the more likely that corruption and nepotism can be contained. And when government funds are involved, inspections and audits by government agencies provide another form of accountability.

Managers of local-level institutions need to be doubly accountable, downward to their constituents and upward to government and the law.9/ In the disaggregated approach to development management, project designers should provide for skills training for managers from local organizations and also training for the lay leaders of these organizations in how to control their managers, since local managers are no less vulnerable to temptations than higher-level bureaucrats.

G. CONCLUSION: DISAGGREGATED JUDGMENTS

By definition, disaggregated systems of management defy the kind of broad generalizations which have dominated the literature on development administration. Indeed, overall assessments of whether a project or a management system is "good" or "bad," a "success" or a "failure," make little sense. The question always has to be asked: good for what? successful in what? Of particular relevance for this workshop is the realization that evaluation of disaggregated management requires disaggregated judgments.

Successful development management requires putting together many components of organization and technology. Some may be stronger than others (ceteris paribus), and some combinations may be more robust than others. But attributing the will-o-the-wisp called "success" to any particular element is risky, as we seldom find conditions that qualify as either necessary or sufficient -- things which must _always_ be present for "success" to occur, or which _in and of themselves_ will cause "success."

9/We have discussed methods for improving the performance of local-level organizations in Chapter 7 of Esman and Uphoff (1984). These suggestions have been incorporated in the A.I.D. Policy Paper on _Local Organizations in Development_, Bureau for Program and Policy Coordination, March 1984.

An appreciation for the complexity of change processes should lead to a willingness to think more instrumentally, to identify objectives, to hypothesize what will most likely and most economically contribute to their achievement, and to assess continually whether the presumed means are promoting the proximate desired ends. This is the essence of a "learning process" approach (Korten, 1980).

Given the difficulties that we know confront agricultural and rural development in Africa, we should look for those practical combinations of inputs and approaches which produce results (or more realistically, which move in the right direction). "Progress" is a more tenable criterion than "success," because we know there are no permanent successes in development work, and we hope there are no permanent setbacks.

How many previous "success stories" became discredited with a change in government, an outbreak of ethnic turmoil, a shift in export prices, a breakdown in the transportation system? For this reason, projects which move in the right direction and have sustained momentum are to be valued and studied. How do they develop human capabilities as they go, and acquire the kind of linkages, respect and legitimacy associated with the process of "institutionalization"?

Such disaggregated considerations will get evaluators into more complicated considerations than conventional approaches. But the task before us has many "bottom lines," not just one.

COMMENT

The Uphoff/Esman paper and presentation met its objective of sensitizing workshop participants to some of the management differences to be faced depending upon whether projects, at one extreme, were managed by a central government ministry from the capital city to, on the other extreme, managed by a private farmer or private business or cooperative in the field. Two particular issues were discussed: First the need to understand local incentive systems and their impact on local management behavior, and, second, the fact that most projects probably lie within a narrow range of multiple channels and levels available for delivering agricultural goods and services. While there was not consensus on all points, the paper did depict the organizational richness of many African settings and the paucity of others.

SECTION FOUR

PROJECT ISSUES

INTRODUCTION

The narrowing process of the workshop then required participants to move away from a role of generalist attendants to consider the management questions of their specific projects. Thus the focus moved from the African context to dimensions of project operations and elements of the evaluation reports.

In addition to "team process" meetings that were held to delineate subject matter responsibilities among team members, to begin an interactive workgroup-oriented team-building focus, and to share the perspectives put forth in the simultaneous sessions, four substantive management development sessions were held. Three were simultaneous, and one was attended by the entire group of field team members. The three simultaneous presentations were given by Merlyn Kettering (financial resource management), George Honadle (institutionalization and organizational structure and linkages), and Philip Morgan (administrative processes). The full group exercise, conducted by Janet Tuthill, was on human resource development and behavioral change.

These four presentation plus the general overview and the African environmental presentations noted in Sections Two and Three constitute the five major components of development management for the purposes of this evaluation excercise.

The paper presented by Merlyn Kettering is included below This paper is followed by summaries of the Honadle and Morgan dicussion groups (these two sessions had no formal papers). Janet Tuthill's paper on "Guidelines for Assessing Management Performance and Human Resource Enhancement" was presented as part of a role-playing exercise and preliminary examination of the project papers of the field projects. It concludes this section.

AN APPROACH TO THE EVALUATION OF FINANCIAL MANAGEMENT PERFORMANCE AND IMPROVEMENT OF HOST COUNTRY INSTITUTIONS ON AID FINANICAL DEVELOPMENT PROJECTS

by

Merlyn Kettering and Frank Lusby

Section 1: INTRODUCTION TO FINANCIAL MANAGEMENT OF PROJECTS

1.1 PURPOSE AND ORGANIZATION OF PAPER

The purpose of this paper is to orient development professionals who are not financial management experts to the evaluation of financial management and enhancement of financial management capabilities on AID-financed development projects. This paper is written in preparation of a series of evaluations to be carried out throughout Africa. Although illustrations of financial management problems are presented from projects across the continent, the discussion is based largely upon experiences from the Sahel, where financial management problems and improvement strategies have been highly visible and intense over the past few years. The AID financial management improvement activities in the Sahel will be referenced throughout the paper and can be looked upon as models for comparison with other efforts.

This paper focuses primarily on the financial management systems and practices of Host Country Institutions (HCIs) that have responsibility for AID project funds This differs from looking at the financial management of HCIs "internal" resources or at other funds that are "managed" more of less directly by AID. AID and other donors require distinct accountability for their project funds; this sometimes implies a separate or modified accounting system which may vary somewhat from the HCI internal systems and practices. At a minimum, it requires that the funds can be traced, reported and audited in an isolated form.

It is difficult to view the financial management of development funds provided for projects by donors from a purely "institution-building" point of view. The fact that AID and other donors put compliance requirements on their funds brings donor systems and procedures into play in relation to HCIs systems and procedures. Although it is not possible to completely isolate the HCI financial management practices and systems from external factors, such as AID systems and requirements, this paper highlights management of AID provided finances handled through the HCI systems.

Section 1, Introduction to Financial Management of Projects, attempts to "de-mystify" financial management and put the issues and concepts in easily understood terms, followed by a review of AID financing mechanisms which give rise to financial management responsibility on the part of HCIs. Section 2 presents the general situation of financial management and examples of financial management problems in AID projects, followed by a discussion of causes and related factors. Section 3 presents a discussion of financial management improvement strategies, review of the experience of financial management in the Sahel and a summary of "lessons learned". Finally Section 4 is a proposed analytical framework for evaluation of financial management and financial management improvement on development projects.

1.2 DE-MYSTIFYING FINANCIAL MANAGEMENT

From an obscure and routine position in development management, financial management has recently become highlighted as a key to the successful discharge of managerial responsibilities on development projects. Specific financial management procedures and applications vary according to nations, organizations, systems, purposes and needs; Never-the-less, general principles are adhered to and practiced by financial management in almost all types of organizations and situations (Spiro, 1976)

Often many organizations, such as several HCIs or donors, are involved in the same development projects or programs. Finance impacts on all aspects of an organization's activity and is particularly important on development projects which represent a cooperative activity between at least two organizations (e.g., AID and HCI). The control and coordination of finances to maintain accountability for funds and objectives is a major concern.

Financial management is the set of activities involving the acquiring of funds, allocating of financial resources and the tracking of performance. Financial records represent perhaps the most concise statement of managerial performance and are the focal point for managerial attention, decision-making and accountability. Accountability is the assurance that resources (finances) are properly used for a agreed upon purpose. Accountability is particularly important when several organizations with broad constituencies, such as AID, collaborate on a project.

The purpose of financial management is to ensure that finances are properly allocated and expanded so that organization (project) objectives are pursued to reap intended benefits. Financial management involves (i) interface between organizations to obtain or distribute funds, and monitor funding agreements, and (ii) recording, monitoring and controlling financial operations (or stated in another way, the financial consequences of past, current and future operations).

Two primary functions of financial management are financial accounting and managerial accounting. Financial accounting provides answers to the question of "what happened". The orientation of financial accounting is historical i.e., a portrayal of financial events that have occurred according to generally accepted accounting principles (GAAP). The emphasis is on accuracy, consistency and reasonableness. Financial accountability can be narrowly defined in terms of expenditure control and audit trails. This serves, on projects, to meet the interests of the legal requirements imposed by external and cooperating/sponsoring agencies.

Managerial accounting, on the other hand, is the term used to described the "direction and control" of finances toward meeting objectives. It includes the preparation of financial forecasts, the development and monitoring of performance budgets and activity/output costing. This requires, at a minimum, considerable reliance on the historical data provided by financial accounting. But managerial accounting is, by contrast, primarily oriented towards the future.

The distinction between financial accounting and managerial accounting can best be understood as differences in perspective and orientation -- but they are interdependent, as noted above. Financial accounting is traditionally dominant. Accounts and reports record events historically for project managers and external agencies as an assurance that plans and control are maintained. A sophisticated scorekeeping system identifies deviations and responsibility for deviations attributed appropriately to project components and/or personnel.

This is the foundation for audits. Scorekeeping, as the minimal financial management requirement on projects, is often written (although vaguely) into project agreements. Effective financial accounting solicits organization compliance to agreements and regulations.

Although scorekeeping (financial accounting) is an important function for effective project and program management, it must always be viewed as a tool, not an end in itself. Ii the emphasis on scorekeeping becomes overly rigid and loses sight of its overall objectives, countermeasures and subterfuges (in terms of organizational and personal behaviors) will destroy its effectiveness. The ability of entrenched bureaucracies to subvert is boundless--in the public and the private sectors.

Managerial accounting is broader, encompassing the accounting functions but emphasizing the use of accounting information for decision-making. By providing timely data, financial management can be used by donors and project managers to assess: 1) how resources are being committed; 2) whether they are being allocated to the most critical phases of the program; 3) whether they are being used efficiently, and; 4) to what extent they are needed in the future.

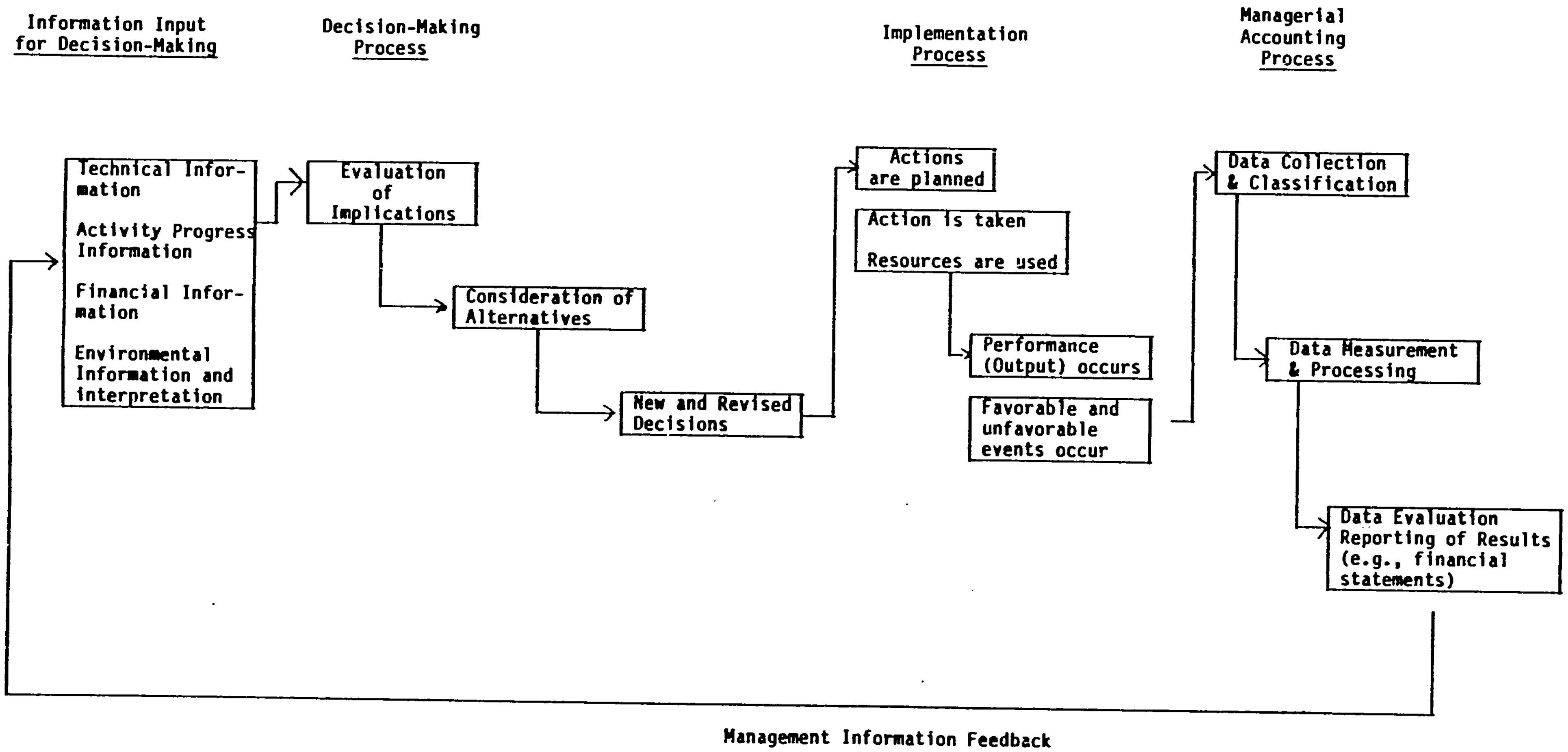
Both financial and managerial accounting are the basis for good management. Basically, they provide information system to measure, record, and report, in monetary terms, the flow of resources into and out of an organization, as well as the claims against those resources. This serves decision makers in important ways: 1) providing a basis upon which to weigh alternatives in terms of their financial implications, 2) measuring the financial effect of decisions already made, and 3) tracking the organizations resources including; how much cash is available for use; how much is owed the organization and how much the organization owes; what items are owned, and; inventory levels on hand.

Financial management systems are adequately designed dependable and relevant historical data is provided through financial statements. The donors and managers, if they have a reasonable understanding of the financial considerations, can utilize these data as important inputs into the decision-making process. Exhibit 1 shows how accounting information feeds into the project decision making and implementation cycles.

Good management is built on managerial accounting; managerial accounting, in turn, is built on financial accounting. The allocation of existing resources to derive future benefits is one of the key responsibilities of the management. Determining the financial feasibility/desirability of financial commitments, directing commitments, monitoring performance and redirecting commitments requires not only scorekeeping (a historical, verifiable record) but also future-oriented management practices. In other words, strict financial accounting must be complemented by the budgeting and control process. Any manager who lacks an appreciation of the purpose, underlying assumptions and interpretation of budgeting is at a disadvantage. The ability to present a case for a budget, to discuss issues in financial terms is a requisite for good management. A related skill is the ability to develop and provide information (developed from accounting data) for decision-making.

The language and tools of financial management impose a desirable discipline on management and decision-making. It forces the expression of project/organization plans in quantifiable terms, even if the assumptions underlying plans are sometime tenuous. The specificity of these expressions contributes to a more fruitful dialogue between managers and organizations and thereby improves overall management. (Spiro, 1976)

Exhibit 1: Decision-Making and Implemenation Cycle for Project Management



(Adapted from Welsh and Anthony, 1981:2-8)

1.3 AID PROJECT FINANCING MECHANISMS FOR HCIs

An HCI incurs financial management responsibility for project funds under different circumstances. First, AID may directly appropriate local currency to a HCI so that it may implement the local cost components (goods and services) of a project. In this case, reliance is placed on the financial management practices of the HCI to ensure that the funds are used for the purposes for which they were programmed and budgeted.

AID encourages less developed countries (LDCs) to defray these local costs and, in fact, there is a general rule that at least 25% of project costs must be financed by the LDC (generally identified as local costs). However, many LDCs face serious economic difficulties and thus are unable to cover these expenses. In these cases, the 25% rule can be waived and AID will help finance local costs. In the Sahel, as of December 31, 1979, AID had appropriated $41.7 million in local currency to HCI's. (Audit 81-35, 1981:2)

A second type of "assistance" comes in the form of PL480 and Commodity Import Program (CIP) generated funds. Under these arrangements U.S. commodities are sold in an LDC and local currency is generated. The conditions attached to the use of these funds differs according to the program (PL480, Title III, for example, has different conditions from Title I). The financial accountability requirements of the HCI to AID also vary. In many programs, however, the LDC must use the funds for economic development projects, and must account for their expenditure to AID. This gives rise to the need for financial management and reporting capability on the part of the HCI.

A third situation which may call for HCI accountability arises under the Fixed Amount Reimbursement (FAR) method of financing. Under this arrangement the HCI is reimbursed by AID upon completion of an agreed upon project or sub-project. The FAR was originally designed for capital projects such as roads, schools, or bridges as these are easy to quantify by AID inspectors. It is now used, however, for certain non-capital projects in which case HCI has to show financial reports in order to be reimbursed. Financial records may also be necessary under an alternative FAR procedure whereby AID makes a preliminary advance to the HCI to start the work. In each case the HCI must have the capacity to collect, evaluate, and record financial accounting data.

For most of the above situations, the responsibilities of the HCI can be summarized in three major categories. First, there is the responsibility to maintain accounting and control systems which record the receipt and application of monies so there is an audit trail accessible to the donors. Second, there is the production of reports which document the uses of funds against their intended purposes on systematic, periodic basis. Finally, there is the responsibility for management to use the reports for evaluation and decision-making to ensure progress and that resources are being used properly and efficiently.

Section 2: FINANCIAL MANAGEMENT PROBLEMS ON AID PROJECTS

2.1 THE EMERGENCE OF FINANCIAL MANAGEMENT PROBLEMS ON AID PROJECTS

Problems with the financial management of AID project funds have recently become more visible in the light of audit reports from throughout Africa, and especially in the Sahel, where estimates of waste and misuse are in the $ millions. Although subsequent on-site consultation and training proved these estimates to be excessive, the lack of a clear audit trail presents a problem to AID in carrying out its mandate and responsibilities.

The major problem areas can be conceptually divided into two areas: 1) those dealing with managerial accounting and 2) those dealing with financial or compliance accounting. As discussed earlier, managerial accounting involves the development of accounting information and procedures specifically intended for HCI management to carry out their implementation responsibilities (planning, coordinating and controlling project activities). It is for internal purposes. Financial/compliance accounting information is intended both for management and for the use of external parties, in this case the donor, or AID.

2.2 PROBLEMS IN MANAGERIAL ACCOUNTING

The perceived role of accounting and accountants is often distorted in HCI's. These entities generally regard reporting as an AID requirement for obtaining additional funds and not as an important managerial tool for monitoring financial performance. (Audit 81-35; 1981:6) There is also a tendency for host country project directors (PDs) to view accounting personnel as simple technicians performing a bookkeeping function and not being part of the management team. In many instances reports that would be of value to management are not produced, or when produced are ignored, thereby reinforcing this perception (SFMIE, 1983:11). In the Sahel, investigators felt that a fundamental weakness of HCIs was their failure to produce and use financial information for effective management (SPP; 1982:1).

Because the accounting unit is not seen as a necessary or important element of management, internal controls are often overlooked. In many cases, cash is given to the same individual who procures the goods and services, pays the payroll and makes loans to the small farmer. More often than not, no receipts are retained to document the authenticity of each transactions. Writing checks and making disbursements is often done outside of the accounting unit and checks are frequently cashed with only one signature (Audit 81-35; 1981:10). By failing to separate responsibilities and control cash, possibilities for misusing project funds are increased.

Other problems exist as well. Sometimes functions are split between units and there is no central point where financial information is found. This creates difficulties for managers as they must go to more than one place for the data they need. Additional difficulty arises when checkbooks and journals are not posted up-to-date. This leads to liquidity problems and overdraws since no one knows the amount of funds available.

2.3 FINANCIAL ACCOUNTING PROBLEMS

The problems in this area generally stem from the lack of necessary records, reports, and procedures which would allow the HCI to monitor the cash flow of project funds and provide an audit trail for donors. The following items were identified as the basic set of accounting records for compliance with AID requirements. (Kettering and Matthews, 1981) Often they are either non-existent or inadequate within the HCI:

1) Encumbrance Journal - this journal records the amount of AID funds allocated to each project activity, the amount spent, and the amount remaining, or available. It allows HCI management to avoid exceeding agreed upon budget limits.

2) Separate bank accounts for AID funds and a cash receipt and disbursement control ledger - AID Missions generally require HCI's to deposit local currency funds into a separate bank account. To record withdrawals and disbursements from the account the HCI should maintain a cash receipt and disbursement ledger. This ledger serves as a checkbook does to monitor the amount of funds available for use. It also separates disbursements by budget category (salaries, equipment, services, etc.) so that a running tab can be kept on each.

3) Financial Report - basic financial reports are necessary for the HCI to coordinate and control the project as well as to meet AID compliance regulations. They are also required as pre-conditions for replenishing advances made in prior periods. Such reports would be produced for example, using the aforementioned encumbrances journal and cash receipt and disbursement ledger.

4) Bank reconciliation - a project bank account reconciliation is important just as it is for someone to reconcile their checkbook with a bank statement. It serves as a check on calculations as well as project liquidity.

5) Commodity sale proceeds ledger - generally such a ledger is necessary when PL480 or CIP counterpart funds are involved. It records sale proceeds for HCI management purposes and provides information for AID when required.

2.4 CASE-EXAMPLES FROM AFRICA

Examples of the aforementioned problems are seen in audit reports and evaluations from all of Africa. A few of the cases include:

Upper Volta - "The Eastern ORD Integrated Rural Development Project" Although the implementation letter stated that financial reports would be prepared biannually only one report was prepared from April 1, 1974 to March 31, 1979. Audit reports showed that $153,000 had been diverted from the funds for non-authorized expenses. This could have been prevented had reports been produced. (Audit 81-35; 1981:5)

Burundi - "Pest II Project"
One of the expected outputs of this project was strengthened financial management within the HCI responsible for implementation. However, the HCI failed to submit timely reports and advance requests thereby forcing the contract management team (theoretically the financial management advisor to the HCI) to borrow more than $54,000 for daily operational needs. (Audit 3-695, 1984:16)

Zaire - "Basic Rural Health Project"
Under this project approximately $2.2 million in counterpart funds were previewed to flow through the host country implementation agency. Audit reports revealed that records relative to project funds did not provide adequate cash management and control. Auditors emphasized the need for improved cash control and recordkeeping procedures in order to strengthen project management and facilitate the accomplishment of project objective. (Audit #3-660, 1984)

Uganda - "Food Production Support Project"
Progress made using the funds generated by sale of AID-funded commodities were not reported as required. (Audit 3-617; 1984:3)

Tanzania - "National Foods Credit Program"
AID funds contributed to this program were not separately accounted for. Rather, they went directly to the Treasury, then to a general bank account in the Rural Development Bank, and then to the project. Due to the considerable float periods there were many possibilities for these funds to be used for other than agreed upon purposes.

Tanzania - "PL480 Program"
There was no verification that PL480 sale proceeds were being used for the economic development priorities agreed upon in the sales negotiation. (Review of AID program; 1980:21-22)

Senegal - "Cereals Production Project"
Several instances have been noted where advances are repeatedly made to HCI's who never submit adequate reports accounting for the expenditure of funds.

Senegal - "Rural Health Project"
Five revolving funds (where loans are made to small farmers and repayed with interest into the same account) were examined equalling over $2.7 million in AID funds. Almost without exception, little or no documentation was found supporting the loans and repayments. Without controls, there was no way of knowing where the money went. (Audit 81-35: 1981:6,10)

Mali - "Livestock I Project"
The equivalent of $72,000 was withdrawn from the Credit Fund to buy 2017 sheep. None could account for the sheep or the funds. (Audit 81-35; 1981:10)

As one can see from these examples financial management problems are not limited to any one region of Africa. There is a degree of variability, however, depending on the economic condition of a country and their ability to contribute local costs. The more local costs a government can contribute for a project, the less potential there is for misuse of donor funds. This does not mean the HCI will not have problems with its own resources. It does mean, however, that project financial management becomes less of a concern for the donor, unless there is a donor-financed component to address financial management improvement.

The causes of financial management problems are numerous and do not lie solely with individuals (i.e. accountants) or with existing systems. They range from the institutional and environmental constraints of the host country, to the institutional "tendencies" of AID, to the communication (or lack of) between the two. As we see in the case of the Sahel, initial audit reports in the Sahel recommended that a training course for accountants be held to address financial management problems (Audit 81-52, 1981:29). After additional reconnaissance and study however, it became clear that the problem was more complicated then just a lack of accounting expertise. (Kettering and Matthews, 1981) This comes out in the following description of causes and supports the comprehensive improvement strategies that will be discussed later in the paper.

2.5 HOST COUNTRY INSTITUTIONAL/ENVIRONMENTAL CONSTRAINTS

As mentioned earlier, HCI's project management processes do not provide timely and accurate financial accounting information that feeds effectively into the decision-making process. This is evidenced by the fact that few HCI's use financial reports as a means of measuring project performance and that they generally view such reports as AID requirements for obtaining additional funds. (Audit 81-35, 981:6) This is due, in part, to the institutional arrangements between AID and HCI which generally provide for an initial advance and then require accountability before new advance are allocated. It may also be due to certain colonial influences which put less emphasis on the managerial role of accounting. Perhaps the major reason, however, is the lack of experience and training in financial management. This weakness has been brought out frequently in audit reports and studies as a major cause of poor financial management (Audit 81-35, 81-52, FMIE, and others). One audit stated that "in most cases it appeared that the government entities simply did not know how to establish and maintain an accounting system." (Audit 81-35, 1981:7) Thus, although not the sole cause of the problem lack of training certainly ranks as one of the highest. This is particularly the case when good technicians are promoted to project and/or program management without the experience or education to prepare them for their expanded roles.

The budgetary problems of African countries also contributes to the misuse of project funds. Faced with no internal means of financing their deficits the HCI's must look to outside sources to cover recurrent costs (salaries, rents, etc.). Auditors felt that when budgetary funds are not immediately available donor project funds are diverted to cover the HCI's normally recurring expenses. (Audit 81-52, 1981:28)

Also due to budget constraints many managers in HCI's have difficulty in securing adequate operational funds to "make things happen" in their organization. There may be resistance to accounting control as this might further restrict their freedom to manage. The fact that many AID projects only appropriate local currency for recurrent expenses like salary and rent does not help the situation. In such cases it is difficult (within the project) to show how accounting information can improve management decisions. (SRFMP interviews: 1984)

A multitude of donors within the same project can place heavy burdens upon a HCI accounting unit and staff, and can contribute to poor financial management. This is especially true if each donor requires a different system of accountability. Field reports have downplayed this problem, however, citing the presence of many donors within one project as rare (SRFMP interviews, 1984). It seems to occur more often at top ministry levels because many donors sponsor different projects within the same programs. Nontheless, it is a potential cause of difficulty.

Certain cultural patterns may also be inhibiting financial management in HCI's. These have not been studied or documented and would vary from country to country, but might include: 1) a resistance from the project director to consult a subordinate (i.e. the accountant), 2) difficulty in achieving "upward" information flow in a "pyramidal" system and 3) unwillingness or inability to confront the misuse of funds. It is important to have an understanding of at least the possibilities of such barriers in order to design effective improvement strategies.

Other characteristics of the development context also impact heavily upon financial management. There is a shallow pool of highly qualified professional in a broad range of disciplines. Consequently, project and program managers are often technical specialists who move rapidly up through the bureaucracy and assume managerial responsibilities with very limited training and/or experience. Consequently, they are highly dependent upon external assistance and often focus to exclusively upon the technical components with which they are most familiar and overlook the broader perspectives required of management.

To counter the limits of management, donors often give technical assistance teams on projects, major management responsibilities or even assume some of the key management functions to be performed themselves. This results in a very limited arena of actual management for the HCI manger. In financial management, the amount of funds actually under the direction and control of the HCI manager may be quite small. Financial management is dispersed between the HCI, the contractors and AID with no clear agreements on the coordination of financial management or even financial accounting to ensure consistency or mutual accountability.

Finally, the issue of "absorptive capacity" in an HCI for development projects cannot be ignored. HCIs are often saturated with a variety of development activities, all requiring special management attention and resources, further straining already weak technical and management systems.

2.6 AID INSTITUTIONAL TENDENCIES

One of the major factors that cannot be overlooked as a cause of financial management problems is the institutional tendency of AID to emphasize and reward the obligation of funding for projects versus rewarding the efficient management of funds for project implementation. This tendency contributes to: 1) little or no pre-project research into a HCI's financial management capacity,

2) little emphasis on financial management in project design and 3) lack of financial monitoring during implementation. The same audit reports which exposed deficient HCI accounting systems in the Sahel pointed out this tendency and emphasized that AID "Takes the accounting capabilities of the Sahelian governments too much for granted." (Audited 81-35, 981:9)

This lack of attention to implementation results in cash or resources being turned over to HCI's who are not prepared. Consequently, financial management problems are produced. Audit reports and studies from Africa evidence this argument. Observations include: "Project Papers (PPs) contain assessments of the host governments administrative capacity to undertake projects - but little or nothing is said about the government entities financial management capabilities," (Audit 81-35, 1981:16) "A selective review of PPs, Project Agreements (PROAGS) and Project Implementation Letters (PILs) indicate that inadequate attention has often been devoted to the financial implications of projects and therefore to the need for project resources to be devoted to host country project management," (Sahel PP, 1982:6-35) and "Project Papers ... notably ignore financial management. Host country financial management capability has not usually been a criterion of project feasibility." (Sahel, 1982:6-3-2).

As the AID institution does, not generally reward Project Officers for ensuring successful project financial management, nor reprimand them for financial management problems, there seems to be little incentive for them to monitor projects in this area. Observations regarding this include: "AID project offices are not monitoring the financial management aspects of the projects to the extent required." (Audit 81-35, 1982:17) "The ability and inclination of many Project Officers ... to take the lead in supervising and appraising host country financial management of projects is lacking." (Sahel PP, 1982: G-3-4) Recent innovations in this area have yet to permeate the organization to operational levels to the degree that there are standards or norms established in this area.

2.7 COMMUNICATION

The lack of communication between HCIs and AID also adds to financial management problems. HCI's often fail to produce timely reports and do not seek clarification when requirements are not clear. On the other hand, with no clear idea of what is expected of them, the HCI is at a loss in terms of producing and communicating financial reports. In general, there seems to be a lack of structured communication channels whereby the two positions can exchange pertinent information regarding financial management.

Project documents often do not spell out the requirements for financial reporting or the divisions of responsibilities between HCI management and that of the Mission. (Sahel PP, 1982:6-3-1) An example of a project agreement statement is "Financial records shall be kept in accordance with [the government's] usual accounting procedures which shall follow generally accepted accounting practices." (Audit 81-35, 1981:6) In reality, "usual accounting procedures" are ill-defined and subject to wide interpretation. No one is clear as to what accepted accounting practices are. Thus, there seems to be a general ambiguity and confusion with both parties in the use of required documentation to communicate financial management procedure.

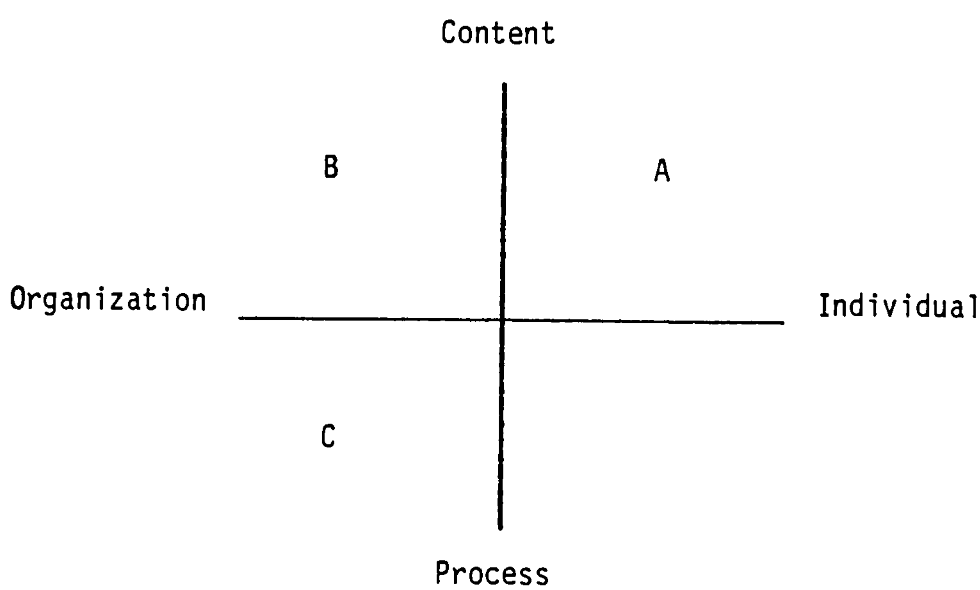
The lack of project financial management monitoring and control does not help the communication problem. With no surveillance or auditing, HCI accountants and project directors are not up-to-date on AID compliance requirements and do not receive guidance or training. This problem stems back to the "institutional tendency' mentioned earlier but is also due to: 1) constraints on Mission Staff, especially controllers, 2) confusion over the responsibility for financial management monitoring between the Project Officer and Controller and 3) the Project Officers lack of financial management experience and training (Audit 81-35, 1981:18).

Section 3: FINANCIAL MANAGEMENT IMPROVEMENT - STRATEGIES, THE EXPERIENCE OF THE SAHEL AND LESSONS LEARNED

3.1 ALTERNATIVE STRATEGIES FOR FINANCIAL MANAGEMENT IMPROVEMENT

These are alternative strategies AID can pursue in enhancing project and HCI financial management practices. In Exhibit 2, there are two continuums which show extremes which may be emphasized in any financial management improvement effort. One set of extremes is between "content" and "process", and the other between the "organization" and the "individual."

Exhibit 2



"Content" here refers to specific designs for accounting and financial management systems. "Process" refers to the extent that the system is adapted by taking the needs and circumstances of an organization into consideration. At the content extreme, one has standardized concepts and systems applicable to all projects. At the other one is willing to be very flexible and adaptable focussing upon how a particular kind of system is to be developed, i.e., the process.

The variables on the second continuum regard the "organization" and the "individual." On the purely individual side one targets the strategy to an individual, for example, the accountant. The concern is to impart skills to that individual so that he/she can accomplish specific tasks. On the other side one looks not at an individual but at all the interrelated people and systems which together make up an organization. The idea is to work with the entire organization such that new practices become institutionalized.

These can be various points along the two continuums representing various financial management strategies. No one strategy is necessarily best for all situations. Depending upon the specific situation and circumstances one strategy will be more appropriate than another. Three distinct strategies that may be identified, seen in Exhibit 2, may emphasize these dimensions in distinctly different ways.

Some projects, for example, merely want to insure the accountability of USAID funds through a separate accounting system. Such projects might pursue a strategy at point A, where a specific system is required (content) along with specific skills to use it (individual). At point B, the strategy goes beyond accountability for the AID contribution to a wider concern for the financial management of all development resources in the HCI's operating budget. Here, the system (content) is being integrated into the HCI (organization). At point C, financial management systems are fully integrated into the higher levels of HCI management. Here, concern is expanded beyond accountability and resource control to using financial management in top level decision making. In this strategy one must consider the HCI (organization) and integrate the new system (process) into the existing systems and procedures.

Various factors will help determine what strategy is needed in a specific project. These include the objectives of AID, the scope of the project, the size of the AID contribution and the host country commitment. For example, sometimes institution building is a priority concern for AID in which a strategy on the organization side of the graph is desirable. In other cases, there may be little concern in which case a type A strategy would be appropriate. Type A might also be adequate for small projects. Projects where AID provides significant funding may call for strategies following the organization or institutionalization side (B&C). This would also be the case where the host country has a strong commitment to improved financial management. Where this commitment is lacking and the HCI is only meeting AID compliance regulations to gain additional funds, a type A strategy would be adequate. (Kettering, 1982:2-5)

3.2 A STRATEGY FOR FINANCIAL MANAGEMENT IMPROVEMENT IN THE SAHEL

The development of financial management improvement strategies is a recent phenomenon. In order to study them it is useful to look at the Sahel, where a comprehensive improvement effort was launched in 1980. This will provide a basis on which to compare future efforts.

The Sahel case study presents a historical perspective of how, financial management problems are created. The story begins in 1974 when large amounts of relief aid were supplied in response to the drought that had crippled the Sahelian nations. This was handled by AID central and regional facilities (as there were no country missions at the time) and was mainly in the form of goods and services. AID then began to shift from relief activities to development programs projects. During these years there was a strong emphasis to obligate funds as all the world was watching assistance activities in the region. This forced implementation issues, such as management and accountability of funds, to become secondary considerations. Large amounts of aid were distributed without an analysis and strengthening of HCI management capabilities ("Improving Financial Accountability," 1981:9). This contributed to the financial management problems that are being confronted today.

Improvement strategies were initiated in the Sahel in response to audit reports from the AID Inspector General (IG) and Africa Bureau which disclosed serious problems with HCI financial practices. They increased as financial management problems became highly visible in the light of numerous reports to Congress on the issue. Congressional concern for the accountability of funds derived from U.S. taxpayers was then reflected in the passage of legislation signed by President Reagan on December 29, 1981. Section 308(B) of the International Security and Development Cooperation Act of 1981 (relating to the Sahel Program) added a new subsection 121(d) to the Foreign Assistance Act of 1961 as follows:

> "(d) Funds available to carry out this Section, including foreign currencies acquired with funds appropriated to carry out this Section may not be made available to any foreign government for disbursement unless the Administrator for the Agency for International Development determines that the foreign government will maintain system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditure of those funds."

This statute prompted action which further intensified the financial management improvement effort (FMIE) that had been put into motion by IG reports. Offices involved in these efforts included: 1) the Development Project Management Center (DPMC) of the Office of International Cooperation and Development (OICD) of the USDA, 2) AIDs Office of Financial Management (AID/M/FM), 3) AID's Office of Sahel and West Africa (AFR/SWA) and 4) USAID Missions. Their strategies included: 1) reconnaissance, 2) the design of a fundamental accounting system, 3) workshops for HCI and Mission personnel, 4) direct technical assistance to projects in an attempt to "certify" financial management systems, 5) policy guidance to Missions and 6) the initiation of a regional financial Management project. Those various strategies can be broken down conceptually into: administrative actions and program actions, primarily the Sahel Financial Management Improvement Program

3.3 ADMINISTRATIVE ACTION TO SUPPORT IMPROVED FINANCIAL MANAGEMENT IN THE SAHEL

In the summer of 1981, following upon audit reports from earlier in the year, AID management initiated a process of "Certification Review" and "Certification" of field project accounting systems. The Sahelian AID Missions were given until December 31, 1981 to determine which accounting systems meet AID standards and which were deficient. After that time disbursements for local cost financing were to be halted on projects which did not meet requirements. AID/M/FM established the following minimum standards which HCI's must meet:

- -document the receipt and expenditure of AID funds

- -ensure that approved budget/budget categories do not become over committed by maintaining a procedure for identification of commitments/encumbrances and funds due/receivable by budget categories;

- -ensure that accounting entries will refer to supporting documentation which can be readily located;

- -generate prompt and accurate financial reporting information; including periodic bank reconciliations

-include appropriate internal controls which assure usefulness of financial data, accuracy and integrity by separation of function, pre-number checks, two separate signatures on checks, etc.

-enable an auditor to trace each accounting transaction from accounting reports to source documents to determine the validity of project expenditures.

This policy corresponded with Section 121(d) which was authorized on December 29, 1981. The "Certification" process therefore became the basis for measuring compliance with the new legislation.

The Mission Directors were responsible for certification of projects in the countries and depended heavily on the Mission controller for recommendations. In order to aid the Controller in their review (and frequent re-construction) of project accounting systems, outside experts were called in including: retired French speaking AID Controllers, accounting firms, TDY Controller personnel from Washington, French expatriates and Sahelians with accounting capabilities. (Report to Congress, 1983:8,9) AID project officers were then used for follow-up to monitor procedures.

Other administrative actions were taken in order to enforce the certification process. First, several AID Sahelian Missions underwent a reorganization, adopted new management and accounting procedures and hired new staff with financial management experience. Second, training courses for AID staff were instituted. These included an in-service "Project Implementation Course" directed primarily at direct hire Project Officers and a "Financial Management Training Program" directed at upgrading the skills of Controllers Officer personnel (Report to Congress, 1983:11). These were in addition to the programmatic workshops which will be discussed later.

On December 30, 1983 the AID Administration approved 16 policy statements on financial and administrative management. These were directed to all Mission directors and included the following: (Payment Verification Policy Implementation Guidance, 1983:2-12)

\# 5) If local currency is to be made available to HCI responsible for controlling reporting on the use of such funds, the mission should first assess the organizations's financial management procedures and related internal controls (the assessment should be included in the PP.)

\# 6) PP's are to include an evaluation of the need for audit coverage in light of potential risks and are to describe planned contract and audit coverage by the host government, AID, and/or independent public accountants. Project funds should be budgeted for independent audit unless adequate audit coverage by the host country is reasonably assured.

\# 9) Mission Controllers are to provide annual assessments of the adequacy of the monitoring and invoice examination procedures followed by host country contracting agencies.

#10) USAID Controllers are encouraged to utilize the services of competent public accounting firms to a greater degree in providing accounting and financial management consulting services within project design, as a post of program funding, and in auditing host country contracts.

3.4 SAHEL REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM

The 1981 audit reports also prompted program actions. The Africa Bureau in response to the reports, has done a great deal to increase awareness of and attention to improved financial management. These include systematic attention at conferences of Mission Directors and Controller, use of consultants and firms for training and systems improvement, clearer policy statements, and guidelines for project officers. Perhaps the most intensive effort comes from the recommendations of a reconnaissance sent to the Sahel to analyze the underlying causes and nature of the problem and to develop a strategy for addressing the issues raised in the audits.

The report of the team included models for an on-the-job training approach and a basic accounting/financial control system which would meet AID and Sahelian HCI needs. (Kettering and Matthews, 1981) Their recommendations were accepted and the models were tested by experts from DPMC, Controllers Office, and AFR/SWA. As a result a training manual was developed based on a fundamental accounting system which included all accounting functions required to meet AID standards.

This manual (called the "User's Manual") was based upon an elementary fund accounting system which provides adequate control but is simpler to maintain than a double-entry system. (Raleigh, et d, 1983) It illustrated, but did not prescribe, the system recognizing that "accountability requirements can be satisfied by somewhat different systems and that the system for a given project may need to be tailored to meet the management needs of that particular project, as well as meeting formal AID requirements. The illustrated system in the Users Manual can serve as a basis for examining needed changes in existing systems rather than as a blueprint for all AID Projects." (Introduction to FMIE, 1982:6)

The manual and training program were tested in September 1981 by bringing 13 Sahelian graduate students (from U.S. universities), with no accounting background to Washington for a 5-day workshop. The test was evaluated as successful and the program was deemed ready for field trials.

Under the coordination of DPMC, "Financial Management Improvement Teams" (FMITS) carried out the following management improvement (FMI) activities in the Sahelian countries: 1) orientation visits, 2) training workshops, and 3) follow-up visits. During the orientation FMIT members met with key Mission and host country officials to explain the FMI as well as to learn as much as possible about existing accounting practices at the project level. (Sahel FMIE, 1983:5) An important objective of orientation visit was to encourage participation in the effort to improve financial management practices and to create a sense of ownership and commitment to it among Mission and host government officials. The orientation visits also gave the FMITS the opportunity to adopt training materials that had been developed.

Workshops were held in each country two to four months after orientation. These were composed of three phases: Phase I lasted two-three days and focussed on managerial accounting. Participants included host country project directors and Ministry officials as well as USAID project officers. The emphasis was on the value of financial information in management decision-making. They facilitated discussion on the value of financial information in management decision-making and presented an overview of the Basic Accounting System and how it could be used to provide management with the information they need. Phase II was aimed primarily at project accounting personnel and USAID project officers. It was six days long and focussed on technical aspects of accounting. The Basic Accounting System, as outlined in the Users Manual, was used as a tool for comparison and discussion to encourage project director and accountants to incorporate needed elements into their existing systems. (Report to Congress, 1983:15) Phase III brought all participants together to: 1) jointly examine the features of the basic fund accounting system, 2) note the extent to which existing systems were already sufficient, 3) generate recommendations/strategies by which project practices would meet AID minimum levels of accountability and 4) make general recommendations for improved financial and project management. (Sahel FMIE, 1983:5)

The FMITs pursued a strategy which included: 1) acting in a facilitative, third party role (i.e. neither representing AID nor the HCI), 2) viewing their interventions and technical assistance as a "starting point" where the object was not to jump in and solve the problems overnight, but to get a solid understanding of problems and then begin to address them systematically, and 3) approaching problems from an "organizational perspective" and playing down the idea that by changing individuals or by installing new systems problems would be solved.

Building upon the experiences and efforts of the Certification Review and FMITS, AID designed a regional project to address the needs that had been identified. In September 1982, the Sahel Regional Financial Management Project (SRFMP) was launched. The purpose of the project is to "improve financial management of Sahelian development institutions that directly handle funds provided by AID and encourage institutionalization of improved management practices." (Sahel PP; 1982:6) The project tries to balance two objectives. First, it strives to ensure accountability of AID funds through "hands-on" technical assistance. Second, it tries to institutionalize financial management in HCI's through action training. The four basic elements of the project are: 1) long-term technical assistance, 2) short-term technical assistance, 3) specific short courses and workshops, and 4) materials development and dissemination. These elements have been elaborated into a country-specific strategy for each of the seven countries in the Sahel.

AID contractor USDA/OICD/DPMC to carry out the project beginning in September, 1982. USDA entered into a Cooperative Agreement with Virginia Polytechnic Institute and State University (VPI&SU) to implement the project through its Extension Division and Office of International Agriculture. SRFMP has financial management teams, consisting of USDA/VPI staff and Sahelian experts in six countries. Through intensive, in-country and on-site action training and consultation, the SRFMP ensures that systems are in place to account for AID funds, that Sahelian are properly trained in accounting and financial management of development projects, and that commitment to improved financial and program management is effectively enhanced.

In most of the countries, technical assistance takes the form of a resident team composed of one expatriate financial management expert and one Sahelian accountant/financial manager. These teams work with institutions which host AID projects providing technical assistance to improve accountability. Short term assistance is made available through U.S. technicians with specialized financial management training, and workshop development skills. Specific short term courses are provided based on training needs identified in the field. Regional workshops also take place which allow project personnel from different countries to exchange ideas and information. Finally, a central management unit in Washington provides overall direction and coordination, develops training programs and materials and provides logistic support. (Sahel PP, 1982:7, Report to Congress, 1983:21).

The regional and country-specific activities of the SRFMP program are built upon a "Financial Management Improvement Cycle" which embraces the following steps:

1. Agreement on needs (HC/USAID/FMT) based on solid data.

2. Agreement on plan to address needs (technical assistance, materials, and training.

3. Procedures, manuals, and training materials are developed to address systems adequacy based on actual needs.

4. Group training for systems refinement, skills development, and implementation planning.

5. Follow up training/implementation assistance.

6. Materials revision and refinement to meet user criteria based on pilot use of proposed improvements.

7. Evaluation, analysis of performance and needs, and recommendations for replication and adaptation.

Finally strategies inherent to achieving SRFMP objectives include the following:

- Build on more successful efforts of financial management improvement for future amplification.

- Use multi-action/organizational HCI involvement for systems development/change and training activities.

- Build Host Country and USAID commitment and ownership on performance improvement to suggest the use of collaborative and facilitative rather than directive consulting strategies.

- Clarify understanding and acceptance of individual and organizational responsibility for successful financial management improvement.

- Achieve cross-country transfers of materials and methodologies with sound documentation that enhances communications, training and institutionalization.

- Use all points in the Financial Management Improvement Cycle to enhance the professional role of accountants.

- Focus on practical systems and procedures as the basis for all activities and materials development in the Financial Management Improvement Cycle.

Following are some of the most important results of the SRFMP to date, quoted from the recent draft AID evaluation report on the project:

- "Detailed financial and training needs assessments have been conducted concerning all projects involving AID-financed local currency in Senegal, Mauritania, Mali, Niger and Upper Volta, resulting in generally well-organized and effective financial management training programs.

- "Project specific workshops have been held in Senegal, Mauritania, Mali, Upper Volta and Niger to train project accountants and in some cases to develop a pool of local accounting personnel for future use. These workshops were usually one to five days in length, frequently conducted at the project site and used materials tailored to the needs of individual projects as determined by the financial/training needs assessment visits.

- "Workshops exclusively for project officers have been conducted in Senegal and Upper Volta concerning financial management problems in general and providing specific status reports on each officer's project. All FMTs have incorporated project officers into their training workshops aimed primarily at host country personnel.

- "Detailed country-specific accounting manuals have been prepared by FMTs in Mali and Upper Volta and are being used in AID projects. The Upper Volta manual was determined to be so appropriate that its installation is a prerequisite for Mission certification of projects. FMTs in Senegal and Niger have installed several project-specific accounting systems.

- "The Banjul FMT has conducted detailed training courses for mid-level government managers and has developed the textbook for these courses. SRFMP activities in The Gambia have been institutionalized into the framework of the Management Development Institute, a government-sponsored training entity.

- "Relevant newsletters are being produced by FMTs to highlight issues of interest to accountants as well as enhance the professionalism of accounting in the Sahel.

- "The Niamey FMT conducts monthly day-long meetings of all accountants for USAID projects in addition to regular training workshops as a means of promoting better project accountability and enhancing accounting as a profession."

As the SRFMP moves into its second full year of in-field implementation, its primary objectives are to continue support of financial management improvement and to strengthen the institutionalization of financial management improvement in host countries. The SRFMP program is now design to:

- Help countries adopt and implement systems that assure basic accountability for funds provided by AID.

- Complete a successful FM Improvement Cycle on a given technical issue in each host country and train trainers on-site to do follow-through and future training.

- Assure the development and implementation of a routinized needs assessment model on a periodic basis, e.g., annually.

- Involved Project Directors and Project Officers in the needs assessment data analysis, priority setting, and development of a national FM improvement plan.

- Assure that Project Directors and Project Officers have experienced satisfactory/useful consulting and training experiences and have useful materials in hand.

- Lay the foundation of systems, records, and skills to institutionalize improved financial management.

- Identify host country entities for institutionalizing FM improvement and ensure that they have an opportunity to observe and participate in consulting and action training.

- Initiate the process of institutionalizing improved financial management in organizations above the project levels.

- Developing institutional involvement in long-term improvement efforts that go beyond individual players and individual institutions to assure long-term continuity e.g., increase Project Director and Project Officer involvement in FMT activities; look for several host country entities for institutionalization to diversify the investment).

3.5 LESSONS LEARNED

This section will review "lessons learned" from financial management improvement efforts. Most of these lessons are based on experience in the Sahel. It is nonetheless felt that they have relevance throughout Africa as cross-continental audit reports have shown financial management problems to be very similar. The lessons will be broken down into the following categories: 1)technical assistance/intervention; 2) training; 3) motivation; 4) project design/conception; 5) communication; and 6) need for parallel AID improvements.

Technical Assistance/Intervention

Often times both HCI's and Missions feel threatened by a FMIE. Common misperceptions are that the objective is to install or impose a new accounting system or to perform an auditing function. Project personnel may therefore be unwilling to open their books and Mission staff may be uncooperative (especially if they feel that activities have been initiated in Washington). In order to overcome these obstacles, emphasis must be put on the methodology of intervention especially when introducing improved or changed accounting systems. A proper orientation is required followed by assistance which reflects the needs and characteristics of the client institution. A key lesson, therefore, is that a climate of acceptance must exist both in USAID's and HCI's for financial management improvement strategies to succeed.

Playing a third-party, facilitative role is effective in introducing improvements. Without taking sides with either HCIs or AID Missions consultants can help both parties reach common goals, purposes, and outputs. They can facilitate joint examination of existing systems and the generation of recommendation and strategies.

Carrying out systematic needs assessment and ensuring agreement on the needs and priorities is a critical first step in financial management improvement. The creation of a data base, systematic analysis of that base and discussion of the implications of the findings are the foundation for cooperation and commitment required for the effort to be successful.

Approaching financial management improvement from an organization perspective is more effective than targeting assistance to individuals (i.e. accountants) or concentrating on installing new systems. This is due to finding which revealed that HCI mangers pay little attention to the accounting function. Thus, it is futile to develop new systems and skilled accountants if management is not going to use them. Such skills and systems must be complemented by management training which teaches this usefulness.

A valid accounting system is a prerequisite for sound financial management, for training and for long-term institutionalization of financial management improvement. This means that the overall strategy for improvement must embrace all stages of the financial management improvement cycle including needs assessment, systems development, training and consultation.

It has been found that success is most ensured when existing systems can somehow be used on modified rather than introducing a totally new system. This is especially true in francophone countries where many HCIs are accustomed to "French systems" which, although not significantly different, are identified with by those who use them.

It is important to be aware of other donors who may be involved in AID funded projects or who may be providing parallel technical assistance in financial management. Unless communication takes place there is a risk of promoting incompatible systems and of creating confusion on the part of HCIs.

Measuring and enforcing "Certification" can be an opportunity for creating project specific plans for improved accounting and management. In the Sahel it was a motivation and a basis for initiating improvements. Both Missions and HCIs rallied around the requirement and this facilitated collaboration and commit-

Training

The basic accounting System, as a model for examining needed changes in existing systems, has been an effective improvement tool. Properly presented it allows an accountant to examine a system and modify it so that the systems includes required functions. It has also been found, contrary to speculation, that the systems is basically compatible with existing "French" systems (SRFMP interview, 1984)

The use of an "action training" methodology has also proven effective. By encouraging participation and the expression of real needs it allows training to adapt to different organizational and cultural climates. Because this advice and insight is solicited, participants feel that they "own" new ideas and hence are more apt to implement them. By giving participants simulation exercises which reflect typical operations their can immediately apply this new skills after training.

Workshops were also shown to be useful in stimulating the discussion of problems and in providing management training and technical skills. They are especially helpful in fostering the link between accounting information and management decision making and in enhancing the professional role of accountants. Workshops can also be used effectively to overcome communication barriers and clarify relationships: 1) between AID Washington, Missions, and HCIs, 2) within Missions, 3) between HCIs, and 4) within projects (between project branches and field offices and between general managers and accounting staff).

Motivation

FMIEs can be successful if there is a shift in the perception of host country project directors from viewing accounting as a "compliance measure for donors" to seeing it as a management tool that can have payoffs to them in terms of higher project success and associated public esteem. It has been found however, that inducing this "perception shift" maybe difficult when the project director is only responsible for redundant project costs (i.e. salaries, rent, utilities) and has no control over local procurement of goods and services or larger project budget.

Project Design/Conception

Project Papers, Financial and Monitoring Plans should take financial management issues into account. To ensure this, project design terms should contain some expertise on financial management. (Sahel PP, 1982:6-3-7) It is clear that financial management deficiencies cannot be corrected by writing requirements into grant agreements such as, "adequate books and records will be monitored." AID must assess each HCI's accounting system and practices during the design stage to determine whether they are adequate. Appropriate actions can then be taken, at that stage, to provide training and assistance where required (Audit

81-35, 1981:9). AID must strive to include precise financial management requirements and models in project documents. These requirements can prevent ambiguities and improve communication.

Project design should also include resources to allow outside accounting firms or consultants to provide auditing and financial management assistance to projects when Mission staff or the host country are unable to provide the services. Ways must be found to finance such activities.

Communication

Financial Management communication between AID and HCI's can be improved by creating structured channels for the exchange of up-to-date information concerning their respective objectives, requirements and procedures. Informal relationships can then be utilized to support the formal channels.

Cultural sensitivity and empathy are also needed to prevent misunderstanding and conflict. Failing to pay attention to these factors can result in the "polarization" of individuals as was sometimes the case between Mission Controllers and host country project directors during the "Certification Review" in the Sahel. Each blamed the other while neither took time to understand the others situation.

It is also important to have clear financial management guidelines from AID Washington to avoid the re-interpretation of requirements by Mission each time there is a personnel turnover. This would reduce the "mixed messages" that flow from Mission to project director and then from project director to accounting personnel.

At the same time Mission Directors can set guidelines for their staff which would result in more consistent and unified management within USAIDs. For example the "Certification Policy Statement" issued by certain Mission Directors in the Sahel provided a basis for clarifying and communicating policy on financial management requirements. It facilitated the process of planning and implementation by reducing ambiguity and limiting individual interpretation (FMITS, 1982:15)

Need for Parallel AID Improvements

The success of efforts to improve financial and project management by HCIs depends, to a degree, on parallel improvement in AIDs procedures and staff. (Sahel PP, 1982). Responsibilities for monitoring project financial management must be delineated between Project Officers and Controllers, and Project Officers need to receive the training that will enable them to perform their monitoring task. There is a need for guidance from AID Washington in these areas.

AID must reassess its institutional tendency to concentrate on design and to reward funding of projects rather than efficient management of projects. Otherwise project staff will continue to operate in a "fire-fighting, crises management mode" which results from inadequate attention to implementation issues. Along these lines AID Washington must decide if it is serious about making project financial management a priority. If so, they must exhibit this in practice as.

was done in the Sahel when funding was cut off to projects that did not meet Certification requirements, and recently with the issuance of Payment Verification Guideline (see p. 6). To be effective, such actions cannot be temporary in nature but need to be institutionalized over the long-run. Also, motivation schemes must be developed to reward the efficient allocation and management of resources.

Cooperation and Commitment

Often times both HCIs and Missions resist FMI. Project personnel are sometimes hesitant to open their books and Mission staff may be uncooperative. This behavior is seldom due to technical deficiencies in proposed financial management systems but is rather due to the psychology of how human beings respond to change.

Generally, people will resist changes that are perceived to be imposed from outside sources. On the other hard, when they are part of the change process they are committed to making it work. Thus, in terms of FMIEs, as much attention must be given to the human dynamics of systems operations as to the rational mechanics of the system itself. Those who will operate the system must see a benefit to themselves. If they see the benefit as someone else's (i.e. Mission staff seeing it as AID Washington or project staff seeing as the Missions) the response will be lip service to recommendations without a willingness to implement them.

Commitment is best achieved when the participants feel that their ideas and perspectives are reflected in the financial management system design. Therefore, involvement of participants should be stressed, their opinions solicited, and the needs and characteristics of their institutions reflected in all forms of assistance. This will insure a climate of acceptance and participation which is essential for financial management strategies to succeed. (Kettering and Schmidt, December 1981:8-11)

Section 4: AN ANALYTIC FRAMEWORK FOR THE EVALUATION OF FINANCIAL MANAGEMENT IMPROVEMENT OF DEVELOPMENT PROJECTS

4.1 INTRODUCTION TO THE ANALYTIC FRAMEWORK

The previous discussion provides the background for an analytical framework which can be used to evaluate financial management improvements on development projects and programs. Financial management problems which plague development projects and host country institutional/environmental constraints have been discussed to illustrate the nature and context of financial management effort in the Sahel has been used to demonstrate lessons learned regarding approaches to changes in this particularly sensitive area. An understanding of these areas should prove valuable to evaluators in their investigations by giving them points of reference and comparison. In addition, the theoretical and operational distinctions between financial accounting and managerial accounting provide a skeleton for differentiating between levels of impact and change. This background can help evaluators use their time more efficiently to focus in on known problem areas, explore practical approaches and systems and categories their findings in a comparative manner across projects and programs.

To illustrate, an understanding of financing mechanisms (Section 1.3) permits an analysis of the nature of financial responsibility resting with the host country institution and consequently the accountability requirements to meet AID regulations. This is important since the method of financing influences the improvement and the strategy required. The alternative approaches to financial management improvement Section (3.1) provides a framework for analyzing the implicit or explicit strategy in the project design (or developed during implementation) to ensure proper financial accounting and management. Finally, the experience of financial management improvement in the Sahel should be useful for evaluators to compare (1) where problems are similar, what strategies, if any, have been developed to address problems, and (3) which of the approaches taken in the Sahel, if any, would be applicable, given the project circumstances and environment.

One of the most difficult aspects of assessing financial management impact on development projects is that there is seldom an explicit, well-articulated strategy to improve (or to carry out) financial management. The neglect of this area in project design has led to many of the difficulties experienced in project implementation, and consequently in the confusion nd complexity encountered in management development programs from the host country perspective. It is, therefore, quite difficult to isolate financial management improvement from the total project, expect in cases where there are intentional efforts, and identified resources, for improving the management of credit, rolling funds or similar financing mechanisms as part of the technical package in the project design. This is not uncommon in agricultural service delivery projects, but even in these instances, the financial management improvement aspects are usually limited narrowly to a particular office or program handling credit funds, rather than emphasizing the improved management of all project funds within the development program context.

Following is an "analytical framework" which can be used to evaluate project/HCI financial management and its improvement. An underlying premise of this framework is that the development project provides an accurate entree to observing and analyzing how HCI development finances are managed. This is a legitimate premise when assistance programs provide substantial resources in proportion to the development program being analyzed and when the programs do, in fact, encompass the development projects (as opposed to having projects which are programmatically and managerially isolated and insulated from ongoing development program operation in the HCI.)

The analytical framework is based upon three analytical dimensions. First, there is the distinction of functions between financial accounting and managerial accounting (Section 1.2). This permits analysis of the level of improvement and the focus of improvement efforts. Second, there is a distinction of levels between financial management improvement in terms of project performance, program impact and viability. This permits analysis of the impact on the project, on its encompassing program, and its sustainability beyond the life of the project. Third, there is the identification of the key sets of determining variables affecting financial management improvements, focussing particularly upon those variables which can be influenced by project design and implementation. These variables are illustrated in four major categories -- Structures, Systems, Institutional Arrangements, and Personnel. It is necessary to collect objective data upon these variables as the first step toward analysis of performance, impact and viability.

Figure 4-A illustrates this analytical framework, and suggests analytical focus for the various areas of inquiry. The questions suggested by the framework are designed to expose financial management strengths and weaknesses, as well as possible related characteristics and/or causes. This allows evaluators to determine factors that have contributed to success or improvement and/or which have contributed to problems or failures. In general, the framework will provide information that contributes to insights on financial management improvement. As noted below, the hypotheses in this area are still in development and it is hoped that this study will contributed to a better understanding of what should be further explored in the future. At this stage of development, the evaluators are searching for insights more than confirmation of clearly defined hypotheses. However, it is clear that there are definite hypotheses which determine the structure of this analytical framework, and these are suggested below.

PROJECT PERFORMANCE

Development projects undertaken by AID in African nations are, by definition, cooperative efforts. The structure of the projects determine the extent to which they can be successful separate from the organizational context of the HCI or to which they are dependent upon the HCI for success. Typically, designs attempt to reduce dependence when there is a great deal of uncertainty or anticipated change. The evaluators will need to explore to what extent the determining variables as designed and implemented on the project contributed to immediate success in achieving project outputs and end-of-project status.

Illustrative Hypotheses:

Highly independent structures and systems with adequate resources for hiring and training project-specific personnel contribute to project successes.

Figure 4-A: A Conceptual Framework for Evaluating Financial Management Improvement

FINANCIAL MANAGEMENT FUNCTIONS

	FINANCIAL ACCOUNTING	MANAGERIAL ACCOUNTING
PROJECT PERFORMANCE Structure Systems Personnel Institutional Arrangements	Did the project get into financial problems? Were systems and practices appropriate and adequate? Degree of and rationale for dependence or independence of financial systems? Clarity of requirements from point of project initiation? Use of audits and other tests of accountability? Selection of personnel? Deliberate strategy for financial accountability, financial management or improvement?	Degree to involvement of HCI in the management and decision-making? To what extent financial reporting was oriented toward AID vs. HCI needs? Proportion of financial resources managed by HCI? Flow of financial information between HCI and AID--sharing of total/partial information, mutual analysis, feedback? Flexibility and changes in financial resources/applications during implementation.
PROGRAM IMPACT Structure Systems Personnel Institutional Arrangements	Proportion of finances handled by HCI? Proportion of project relative to larger program? Integration with HCI financial systems? Introduction of innovations and changes with program implications? Use of HCI program personnel, their tenure and subsequent assignments?	Management links to larger program and use of collaborative management? Use of donor or HCI reporting formats and practices? Inter-department/program coordination introduced by project and follow-through support for changed practices? Sharing of financial information in complete and analytic ways between units?
VIABILITY & SUSTAINABILITY Structure Systems Personnel Institutional Arrangements	Recurrent costs generated by the project? Extent to which project costs generated systems requiring different practices and systems from traditional HCI approaches? Follow-up support from AID or others to reinforce and sustain momentum?	Extent to which complementary projects are funded by AID or others? Awareness of recurrent costs during project design, approval and implementation so that costs assumption is effective? Disruptions during transition periods?

Highly centralized project management based upon technical assistance teams and donor-supplied personnel (local and expatriate) facilitative speedy project implementation and high accountability of funds and activities.

Clarity and detail in project documentation and institutional communications, such as PILS, help improve accountability and success for development projects.

Lack of continuity of personnel at the project level increases the probability of financial and managerial accounting problems and crises. Lack of continuity of personnel at the program level in both the HCI and AID also increase the probability of accountability problems and crises.

Project accountability emphasizes the needs and concerns of the donor agency to the neglect of local institutional needs.

Reports and use of financial information is primarily oriented toward the donor agency. The flow of information is generally from the HCI to AID, and there is little flow of financial information of feedback from AID to HCI.

PROGRAM IMPACT

Many development programs are a collection of development projects with a minimal base of ongoing activities. Projects are normally oriented toward technical innovation and change without corresponding attention to the program and financial management implications of the changes or the designs of projects. Administrative requirements are usually assumed and not explicitly addressed through a change strategy. The program impact of development projects can focus upon the proportion of the development program comprised of the project(s), the integration between projects and between project and program context, the continuity and tenure of personnel at the project and program levels who are the primary sources of institutional memory and learning, the extent to which systems and practices introduced were accepted and adopted by the program, and the extent of follow-up or subsequent phases in the program area.

Illustrative Hypotheses:

When development projects have a low profile in the total HCI program, their impact is not high, particularly with respect to management functions.

If financial management systems are linked to existing HCI systems, these systems are likely to use innovations or changes introduced to meet donor needs and still be acceptable for the HCI program.

Use of HCI personnel on projects ensures that the training and learning from the project will remain in the HCI and be used on future projects and programs for development.

Lack of follow-up or subsequent phases of projects reduces the impact and the probability that any improvements will be adopted by the HCI.

VIABILITY AND SUSTAINABILITY

One of the biggest challenges to development programs is the need to introduce technologies, systems and practices which are viable and self-sustaining after the departure of the donor. This is particularly difficult in the nations which are poor and resource-deficient where it is anticipated that donor/aid assistance will be a major part of the development for the foreseeable future. Information on the determining variables provide a basis for insights into sustainability. The most important question is often that of recurrent costs and demands upon ongoing structures which are generated by the project. Is there the financial base to assume recurrent costs? Are the financial systems and structures to handle increased demands, larger programs, more complex transactions as a result of the project? As pressures increase during implementation to get a project done, many of the sustainability issues are neglected in the rush to achieve project outputs. The result is often a vacuum at the end of the project which requires further dependence upon similar external assistance or a neglect which reduces the long-term results expected from the project's original design.

Illustrative Hypotheses:

The greater the increase of demands for services generated by the project, the more attention which must be given to financial management concerns.

The higher the proportion of HC funding in the project, the more sustainable the program will be in the future.

The closer the project is linked to other donor funds, the more viable the program which its supports.

The less linked the project is to existing structures and systems, the sooner momentum is lost following the project and impact or change is difficult to track.

4.2 APPLYING THE FRAMEWORK TO DEVELOPMENT PROJECTS AND PROGRAMS

In the preceeding discussions, we have outlined financial management problems and causes in the areas of host country institutional/environmental constraints, AID institutional tendencies, and communication. An understanding of these areas should prove valuable to evaluators in their investigation of financial management as it will give them points of reference. Using these reference points they can pose questions such as "does the manager use accounting information for management decisions?," "was the project pushed through quickly without attention to implementation issues?" or "were their open channels of communication between Mission and project/HCI?," which will allow them to get at the heart of major problem areas. The problems discussed in this paper arose out of extensive evaluations themselves. It is therefore not necessary to rediscover them - evaluators can use their time more efficiently to focus in on known problem areas and to expand their discoveries from there.

This paper has provided the background for use of an "analytic framework" to evaluate project/HCI financial management performance and capacity. To use the framework we can suggest a methodology. Consisting of "yes-no"/short-answer questions which reflect the financial management of projects. The questions are broken down in the next sections, representing major financial management variable or indicators and include: the structure and systems of the project/HCI; the institutional arrangements and personnel of the HCI and AID Mission, and project performance and institutionalization.

The questions illustrated for the framework are designed to expose financial management strength and weaknesses as well as their causes. They will allow evaluators to determine what factors have contributed to success or improvement and which have contributed to failures. In general, the framework will provide information which will contribute to improved financial management insights. The evaluators will then be able to apply those insights towards improved financial management in future projects. (Sources for the Framework include: Management Information System, SRFMP, 1982. Kettering and Matthews, 1981: Appendix G, and Dakar Conference, SRFMP:1983).

Structures

	Yes	No	N/A	Answer/Comment
1. What structural category did the project fall under? (See Appendix A) [] .... Separate Organization [] .... Highly Independent Matrix [] .... Highly Dependent Matrix [] .... Fully Integrated [] .... Program Advisory Structures				
2. Were other donors involved in the project? - Did they have independent accounting system?				
3. Was the scope of project activities: - National? - Regional? - Local?				
4. Was there offices at each level of project activity?				
5. Is this a typical structure for projects projects in this area?				
6. Are structures closely linked to or integrated with the host country organization.				
7. Are the demands for structural support from the HCI high?				

Systems

	Yes	No	N/A	Answer/Comment
1. Did the HCI have a separate accounting system for donor funds? or a. Were project funds mixed with HCI internal funds?				
2. Did the project have a financial system which included a (or the equivalent of):				
a. Donors Receivable Account? (a ledger listing total AID funds committed, amount of advanced to date and balances)				
b. Encumbrance Journal (see p. 7)?				
c. Cash Receipts and Disbursement Ledger (see p. 7)?				
3. Were project funds isolated in a separate bank account?				
a. Was more than one signature required for authorizing checks?				
b. Was the check book and disbursement maintained by different people?				
c. Who signed the checks?				
4. Were bank reconciliation statements prepared?				
a. How often? __________________				
b. By who? ____________________				
5. Was there a petty cash fund?				
a. Was it maintained at a fixed amount (i.e. did the receipts on hand plus the cash equal the fixed amount)?				
b. Was there a strong box for the cash?				
c. Who approved petty cash vouchers?				
6. Was there an effective system for transmitting data from remote project sites to headquarters?				
7. Were budgets prepared for the project?				
a. What were the budget periods?				
b. Who prepared them?				
c. Who was the budget submitted to?				
d. Was the accountant involved in budget				

	Yes	No	N/A	Answer/Comment
8. Was there a central point where all accounting information could be found?				
9. Was all accounting done at headquarters? or				
a. Were field site expenditures accounted for at the field sites and sent to to headquarters?				
10. Was the accountant required to submit periodic financial reports to the Project Director?				
a. How often?				
11. Did the HCI have a separate purchasing department?				
a. Was the function of receiving materials performed by some independent of it?				
12. Were receiving reports filled out to verify that goods and services received correspond to those ordered?				
13. Were purchased materials reviewed at a central location?				
a. Were they counted and inspected?				
b. Were they controlled by pre-numbered receiving reports?				
c. Who was responsible for inventory control?				
14. Was the system similar to and built upon existing HCI practices?				
15. Are any similar practices or innovations in financial management from the project still being used by the HCI?				

Institutional Arrangements

	Yes	No	N/A	Answer/Comment
1. Did project documents (PILs, PIOs, PROAGs, PPs) clearly spell out required methods of financial accountability and reporting of local currency funds?				
a. Did they describe the type of report required?				
b. Did they say how often reports were required?				
c. Did they preview funds for auditing by outside parties?				
2. Was there a local cost component in the project?				
a. What percentage of AID funded local costs were managed by the HCI?				
b. Was the HCI responsible for managing AID funds to pay for?				
-Salaries?				
-Rent?				
-Travel?				
-Procurement of local goods and services				
-Other?				
c. How much total AID financed local currency was the HCI responsible for?				
-annually?				
-over the life of the project?				
-what percentage of the HCIs internal budget did this amount to?				
3. Was a pre-project assessment made of HCI financial management capacity?				
a. Were the HCI systems/practices deemed adequate?				
b. Was there any training prescribed?				
4. Was the project accounting system audited?				
a. By whom?				
b. How often?				
c. To whom were audit reports issued?				
5. Did Mission staff make on-site visits to monitor project activities?				

	Yes	No	N/A	Answer/Comment
-Which staff position? -How often? -Was financial management discussed? -Were financial accounts reviewed?				
6. Were any accounting firms or financial management consultants hired for auditing or technical assistance?				
7. Were there any structured communication channels to facilitate the exchange of financial management information between HCI and AID (i.e. correspondence, meeting etc.)?				
a. Was the HCI clear as to what its financial management responsibilities were?				
8. Did the project include a management enhancement component?				
a. Did it encompass financial management?				
9. Has there been any project follow-up by AID or other donors which support, reinforce or are consistent with the project arrangements?				
10. Were there clear institutional arrangements for financing the project after donor aid termination (e.g., recurrent funds)?				
11. Does the HCI have the capacity to finance and carry out the project, e.g., recurrent funds, personnel, financial management systems?				
12. Are the signs that financing and financial management are institutionalized and self-sustaining?				

4.6 ANALYZING FINANCIAL MANAGEMENT

Personnel

	Yes	No	N/A	Answer/Comment
1. Was there an accountant(s) assigned to the project?				
a. Were they assigned full time to the project?				
b. Did they have responsibilities outside of the project?				
c. Who did they report to?				
d. How much money were they responsible for accounting for before the project? - During the project?				
e. What was their formal education level?				
f. Did they have any accounting training? - formal? - on-the-job?				
2. Was the project director part of the HCI staff?				
a. Was he assigned full-time to the project?				
b. What was his formal education level?				
c. Did he have training in financial management?				
d. Who did he report to?				
e. Did he have direct authority over the accounting unit?				
3. Were any other HCI personnel assigned to the project?				
4. Was there a USAID project officer assigned to the project?				
a. Did he have any background in financial management?				
b. Did he speak with spoken language?				
5. Was there a USAID Controller in the country?				
a. Did he have any responsibility for project financial management monitoring or control?				
6. Were there expatriate contract personnel working for the project?				
a. Did any have financial management expertise?				
b. Were any responsible for financial management technical assistance?				

4.7 ANALYZING FINANCIAL MANAGEMENT

Performance

	Yes	No	N/A	Answer/Comment
1. Were project financial reports prepared for (or the equivalent of): a. Donor Receivables account? b. Encumbrance Journal? c. Cash Receipts and Disbursements Ledger? d. With what frequency? e. Were they timely? f. Who prepared them? g. How long after the end of the accounting period were they prepared? h. Did they correspond to accounting records? i. To whom were they directed? -for what purposes?				
2. Did the Project Director use accounting information to monitor: a. Where resources were going? b. if resources were going to priority areas c. if resources were being used efficiently? d. estimates for future resource needs?				
3. Were checkbooks and journals posted up-to-data?				
4. Did the project suffer from liquidity (cash flow) problems? a. What problems did this indicate?				
5. Was the project accounting system audited? a. Were there any disallowances as a result? b. What problems did they indicate?				
6. Were disallowances made for advance or reimbursement requests? a. Why?				
7. Were HCI officials interested in accountability for performance issues related to their own organizations?				

	Yes	No	N/A	Answer/Comment
8. Did HCI officials use financial records for decision-making?				
9. Were donor and HCI funds and resources linked for overall program management in the HCI				
(The following questions will help the evaluator determine how conductive the working environment of the HCI was to good financial management performance. This is important as it may be the case that the HCI has decent financial management systems and procedures but that external factors prohibited them from achieving good performances.				
10. Was the HCI experiencing internal budgeting constraints?				
a. Was staff being paid on time?				
11. Was there strong pressure to make extra payments (bribes) to people in order to procure necessary goods and services?				
12. Were the accountants overburdened?				

4.8 ANALYZING INSTITUTIONALIZATION OF IMPROVED FINANCIAL MANAGEMENT PRACTICES

	Yes	No	N/A	Answer/Comment
1. Was there a financial management enhancement component in the project?				
2. Was the project successful in improving financial management for AID compliance purposes?				
3. Was the project successful in institutionalizing improved financial management practices in the HCI?				
a. What systems were changed?				
4. Were there opportunities to improve HCI managerial accounting (see p. 5 for definition) given the institutional arrangements of the project (i.e. was the project Director responsible for local currency financial management outside of recurrent expenses such as rent and salaries)?				
5. Were there recurrent costs in the project that were to be taken over by the HCI after the project?				
a. If so, how successful has the HCI been in meeting those costs since project termination?				

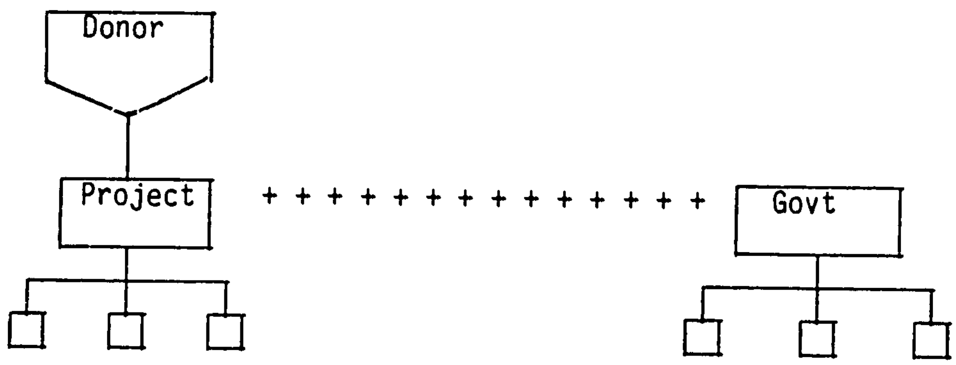
ATTACHMENT A

Structure

What "structural category" does the project fall under?

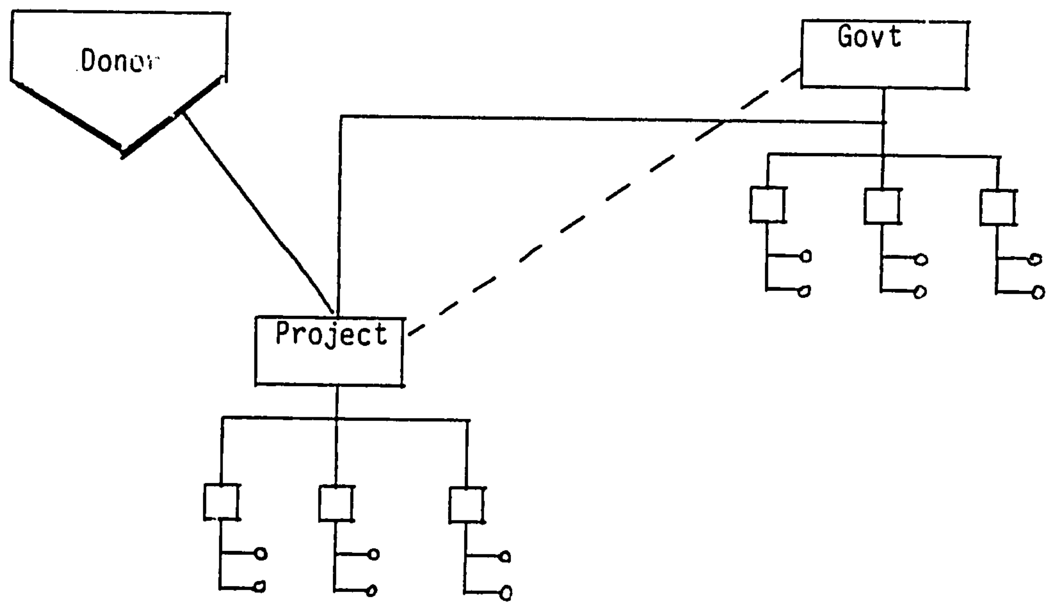
Type 1 - Separate Organization

An organization created specifically for the project. Characterised by high donor control, operation independence, and autonomy.



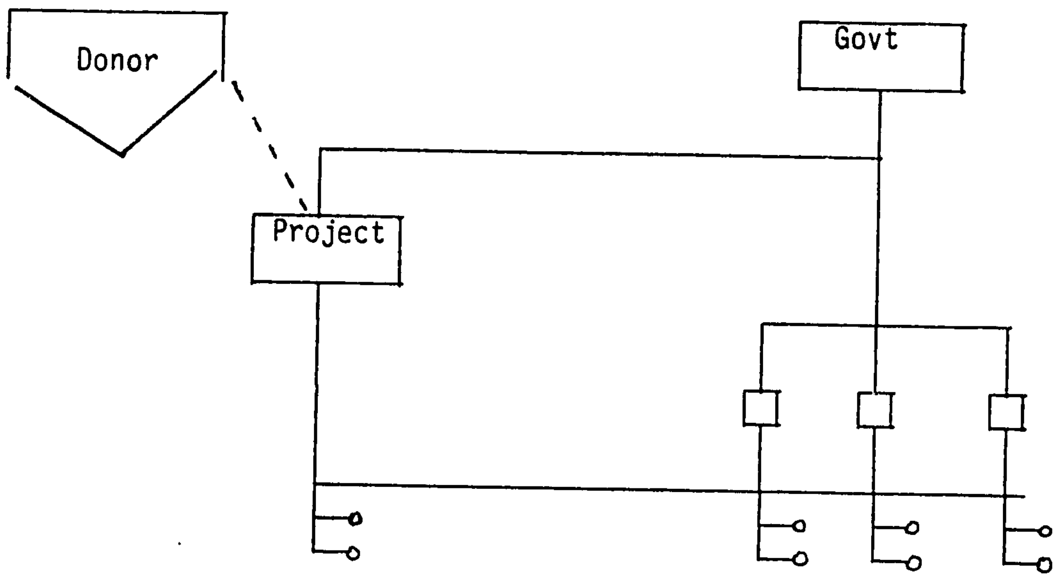
Type 2 - Highly Independent Matrix

A new unit within an existing HCI is created to carry out the project. It depends upon HCI for some of its support and functions. Donor usually retains high control of contracting and procurement.



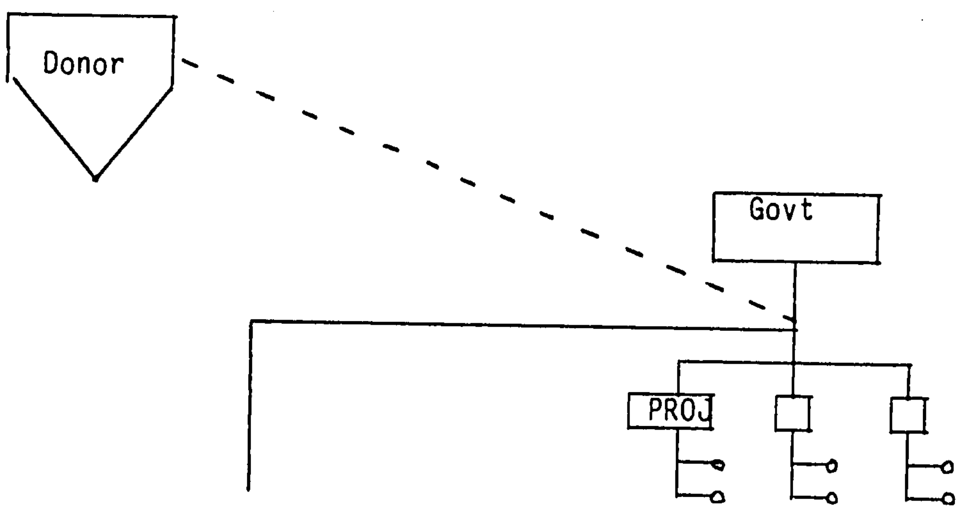
Type 3 - Highly Dependant Matrix

Project is organized to be highly integrated with a small project staff uniquely assigned to direct the project, but the HCI has a large responsibility for management, uses its people and resources to carry out the project.



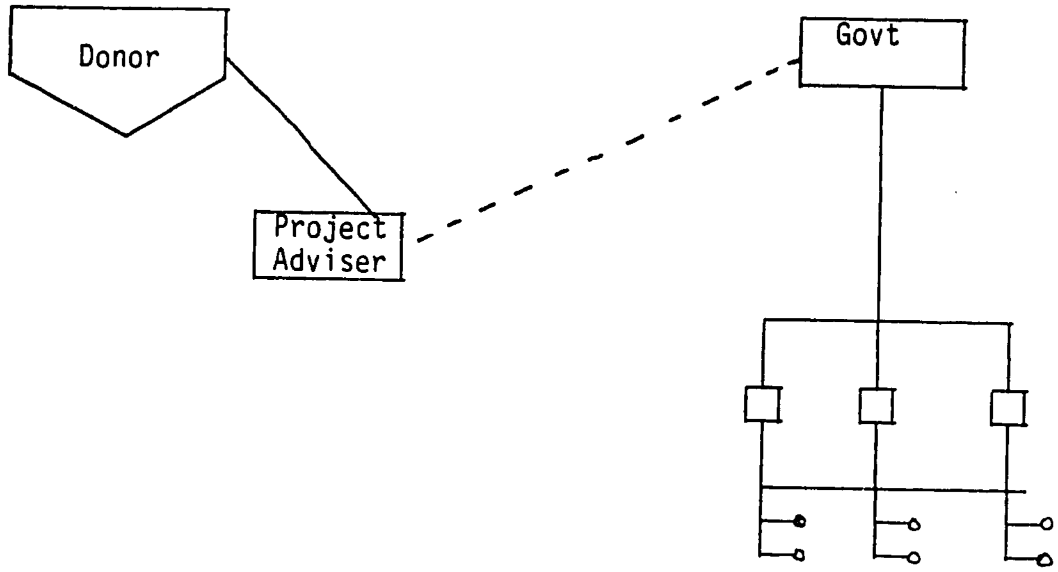
Type 4 - Fully integrated

Direct primary management responsibilities are within the parent organization, and subject to all the conditions and procedures of that organization. Assistance is provided through existing organizational position and programs.



Type 5 - Program Advisory Structure

Donor project provides guidance and influence on the program and helps direct it in ways that are agreed upon by the donor and HCI. Donor maintains high primary management responsibility for technical assistance. Usually oriented to program and policy objectives.



Key

______	=	Direct authority or control
------	=	Oversight and Monitoring only
+++++	=	Coordination only

(Adapted from M. Kettering, "A Framework for Analysis of Organization Structure and Management Patterns for Development Projects in Malawi." 1984)

ORGANIZATIONAL, INSTITUTIONAL AND STRUCTURAL LINKAGES

by

George Honadle

The discussion on organizational linkages emphasized two dimensions -- the operational styles used by managers and the organizational location of the project -- and related them to interactions among project staff, technical assistance personnel, cooperating organizations, and beneficiary groups. The contradictory requirements for delivering goods and services as opposed to building local management capacity introduced the tradeoffs among alternative organizational placement strategies.

Recent findings concerning the effectiveness of various coordinating mechanisms and management practices were noted. Some were more or less useful in different locations, whereas others were consistently high or low across numerous cultures and settings. Personnel turnover and accompanying changes in performance and practices could be used to help field teams isolate causes of management successes.

A key difficulty in understanding organizational interactions and management behavior is posed by the need to go beyond formal depictions of what happened and why, and to capture the political dynamics, informal practices, and competing agendas that determine cooperating levels and performance. This problem was given a prominent place in the discussion.[1]

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1 This also was highlighted in the methods discussion. See, George Honadle, "Rapid Reconnaissance for Development Administration: Mapping and Molding Organizational Landscapes," World Development, Vol. 10, No. 8 (1982) pp. 633-649.

Another issue was belief in the 'man on horseback' theory of implementation, which assumes that getting the most capable people to run the show is the crucial task. A major problem with this perspective is that inappropriate procedures or resources can negate the efforts of the most outstanding individuals. Other decision-makers subscribe to an opposite view. They expect that an inrease in the stock of trained personnel, equipment and facilities will automatically lead to improved organisational performance. The folly of this view is demonstrated by an example from Asia. Personnel of a rural development project were provided with training and vehicles. To simplify management and establish accountability, responsibility for each vehicle was assigned to a particular individual; to minimise false expense claims, each individual received a standard monthly cash allotment to cover the costs of gasoline and maintenance. Since any costs incurred above the allotment would come from the civil servant's own pocket, this practice provided and incentive not to make frequent visits to isolated rural areas because they would incrase gasoline costs and raise the probability of minor repairs. Thus, the procedure was an effective deterrent to delivery services to rural areas. Thus, the procedure was an effective deterrent to delivering services to rural areas, monitoring field activities or incorporating villagers into project decision-making.

Clearly, then, neither just choosing the 'best' people nor investing in physcial and human infrastructure is adequate. Something is missing.

The missing element is an appropriate incentive system. In the example above, the civil servant was behaving very rationally, given the alternatives. Nevertheless, considering the rural development objectives of that project, such behaviour supports the observation that the structural constraints of organisations can transform individual rationality into overall stupidity.

Actual field practice in the awareness and use of incentive systems varies widely. In many cases, rigid financial management practices and uncertain pay times cause field staff to spend up to 20% of their time waiting in an office for their salaries. In other situations, poorly paid extension agents develop reasons for urban visits so that per diem (food and lodging allowance) can be collected. Thus, it is common for bureaucratic incentives to press away from programme objectives.

However, some positive examples do exist. In the Provincial Area Development Programme in Indonesia, a focus on incentives is seen as an essential component for raising institutional capability. In Tanzania's Arusha Regional Planning and Village Development Project, mileage allowances for motorcyles are used to support rural travel and vehicle maintenance, as well as to avoid down-time. In the Bicol Area of the Philippines, 'incentive allowances' have been designed to promote inter-agency co-operation.

The lesson, then, is that neither the 'man on horseback' nor the 'administrative stock' approach is an adequate predictor of administrative behaviour. The improvement of implementation capability also requires organisation design and one important ingredient in that design is the provision of incentives for appropriate behaviour.

Incentives for behavior are intimately related to job design. For example, an agricultural extension agent who both disseminates information and collects credit payments is a result of faulty design. In such a case, little information will be 'extended' because farmers sighting the agent will not know which function he is performing. In this situation, the most prudent course of action for a delinquent debtor is to avoid contact. The effect on performance, two-way communication and farmer participation in programme decisions is obvious.

In other situations the effect is more subtle. For example, a ditch tender in an irrigation scheme may be charged with the collection of data which is unnecessary for the performance of the job. Rotation schedules, water levels and ditch conditions are necessary data. Crop yields are not. If a ditch tender is burdened with the collection of yield data, two problems may result. First, time may be diverted from the main task and performance will suffer. Secondly, since yield data is of peripheral importance to ditch tending, it may be collected in a sloppy manner and higher level decisions may be based on faulty information.

Thus, policymakers and programme designers should design organisations and provide incentives which support project efforts. Until this occurs, the best intentions of project staff are likely to be frustrated by non-supportive administrative environments. A key task, then, for evaluations of development management is to identify the level of congruity between project objectives, performance, and organizational signals.

The issue of project sustainability after AID funding terminated was given considerable attention. Although service delivery is helped by authority concentrated in temporary organizations that bypass local administrative structures, for long-term project success, it was felt to be necessary to build capacities in permanent institutions and to diffuse authority through beneficiary participation in decision making. Investiagation by the field teams of the different methods used by projects to resolve these contradictions and their relative level of success could add considerably to the knowledge base of development management. Specific suspected relationships include the following:

- Leadership styles influence the degree to which project coalitions can be developed and maintained;
- Coordinating committees should include members who control required resources if these committees are to facilitate implementation;

- If incentives are not compatible with local cultural norms, they will have a limited effect on performance; and

- The use of informal processes for developing decisions limits the resistance to implementing these decision and allows people with competing agendas to engage in collective action.

The Tables on the following pages provide more details concerning coordination, organizational options, and characteristics of project-linked sattelite organizations with beneficiary membership.

MECHANISMS TO COORDINATE SERVICE DELIVERY

	INTERAGENCY COORDINATION	AGENCY-BENEFICIARY COORDINATION	IRD EXPERIENCE
FORMAL MECHANISMS	• Interagency coordinating or advisory committees (standing) • Matrix organizational structures • Liaison office at port or central ministry • Interagency task force (temporary) • Binding cooperative agreements • Loaning of personnel between agencies • Cost sharing • Joint training and orientation courses for agency personnel • Copies of reports sent to heads of other agencies • Fixed reimbursement agreements • Single report format used by two or more cooperating agencies • Existence of an independent monitoring and evaluation entity • Merging of agencies • Creation of an incentive system (financial, promotional, professional) to encourage working on joint projects • Field teams use interagency staff	• Beneficiary participation in decision making and/or monitoring of the project • Formal staff participation in project-linked beneficiary organization meetings • Orientation courses for beneficiaries • Requiring contribution by beneficiaries to project costs (labor, money, materials, etc.) • Periodic public meetings of staff with the community • Use of paraprofessionals and local volunteers • Beneficiary inclusion in staff training workshops • Beneficiary membership on standing committees and task forces • Beneficiary representative at staff meetings • Policy of staff recruitment from local area -- sex, ethnicity, and class also considered	For policy and objectives to be taken seriously by bureaucrats or beneficiaries, formal coordinating mechanisms must be established. Committees, liaison offices, task forces, joint training, and report sharing all work at the interagency level, but single report formats often create more conflict than coordination, and both formal incentive systems and matrix structures work better in theory than in practice. At the beneficiary level, participation in decision making through committee membership and input contribution are important. Inclusion in training workshops also helps. The record of improvement based on staff recruitment from the area is mixed, however. Coordination is more political than technical. Different local contexts will cause identical mechanisms to produce varied results.
INFORMAL MECHANISMS	• Lending of resources (personnel, transport, etc.) by one agency to another on an informal basis • Use of informal information systems by decision makers • Encouragement of informal communication between agency staff (through inter-agency sports competition, weekend staff retreats, occasional seminars, etc.) • Having participant agency offices in the same location • Periodic meetings of agency decision makers on an informal basis • Staff participation in agency decision making • Use of a supportive management style by supervisors • Use of a bargaining strategy with external actors, rather than reliance on preset rules	• Availability of staff in an office accessible to the beneficiaries (open on market days, for example) • Encouragement of agency personnel participation in beneficiary organizations (civic, social, religious, etc.) • Posting of project objectives, target dates, etc., where they can be viewed by beneficiaries • Conducting businesses and writing reports in the beneficiary dialect • Holding staff meetings at unofficial locations (church, home of farmer, school, etc.) • Making project facilities available for beneficiary meetings and building facilities with this in mind	Formal mechanisms will not produce results unless informal practices are supportive. All of these mechanisms help. Most important at the interagency level are resource sharing, informal communication and meetings, staff participation in decisions, supportive management style, and bargaining attitude. At the beneficiary level all are necessary and should be encouraged. Flexible project designs, delegated authority, and performance-oriented (rather than control-oriented) management are needed to facilitate informal dynamics. If evaluations are not sensitive to informal behavior they are likely to recommend inappropriate remedies for misdiagnosed problems.

ALTERNATIVE IMPLEMENTING ORGANIZATIONS

Organization	Strengths	Weaknesses	IRD Experience
Project management units	Able to bypass onerous financial management system Often concentrates authority and delivers goods and services Is effective for infrastructure contruction Sometimes is insulated from political upheaval Can focus on specific renewable natural resource and technical area Usually provides donor with greater financial control	Is unable to pick up recurrent costs Does not build capacity in permanent institution Tends to try and perpetuate itself as an organization Can be vulnerable to encroachment of line ministries Competes with permanent institutions for scarce staff and usually offers highly paid temporary non-career positions	The most common IRD implementing organization, the PMU, has proved to be highly effective for physical production, but it seldom succeeds in building local capacity to carry on. It exemplifies a bypass approach and generally avoids control-oriented administrative systems by staffing with expatriates and establishing independent administrative procedures. Theoretically, it provides a flexible temporary environment supportive of experimentation, but in fact this seldom happens.
Subnational government bodies	Can pick up recurrent costs as a permanent institution Builds capacity in permanent institution Usually has strong horizontal linkages Uses existing socio-political boundaries Often links planning and implementation	Is difficult to use in small countries with poor human and institutional resource bases Often is vulnerable to encroachment of line ministries Often serves local elites Multiple subprojects may be difficult to manage	This approach often uses subprojects as learning laboratories to build local capability. Planning and implementation are thus merged. Decentralization is usually stressed, but local officials are often suspicious of national intentions. Mixed signals can stifle implementation when rhetoric emphasizes learning, decentralization, and capacity building, but incentives, finances, and evaluations are geared to physical production targets.

Organization	Strengths	Weaknesses	IRD Experience
National line ministries	Can pick up recurrent costs as a permanent institution Builds capacity in permanent institutions Has strong professional and technical orientation	Personnel attracted from other ministries create difficult management situation Delegation of authority is often lacking May be hampered by national politics May ignore local differences	When a multisectoral (IRD) job is given to a sectoral ministry, it usually leads to complex interorganizational relationships that are hard to manage. Although theoretically the approach provides clear lines of authority, in practice skilled managers are needed to contend with coordination difficulties. When the rhetoric of integration is mixed with multi-agency staff, a reluctance to set priorities and deal with different components sequentially tends to develop.
National IRD agencies	Can facilitate vertical integration of local and national objectives Can be structured to augment other institutions Can provide access to top-level decision makers	Often has conflict with line ministries May duplicate other institutions' functions May ignore local differences May be difficult to manage because of geographic dispersal of subprojects	This is largely a Latin American phenomenon, but a version has been used in low population countries of Africa. Parastatals with a multisectoral mandate are a variety of this model. Administrative redundancy and high conflict characterize one variant of this approch. A second pattern fills gaps but risks supporting technically weak subprojects.
Private voluntary organizations	Can address micro-level needs and variations Can mobilize private resources Can stress capacity building at local levels Low profile insulates it from political battles and avoids predators Emphasizes informal processes and local role in decisions	Often lacks legitimacy and is viewed with suspicion Has little leverage Is limited to small areas Is sensitive to quality of personnel Has little access to top-level decision makers Often has low technical quality Often has little affect on formal system	This is a contemporary multisectoral descendant of community development. It uses intermediate technologies and group dynamics as tools for self-reliance and sustainability. The integrated focus is at the community level rather than at the administrative level. In many cases, however, the PVO presence acts like a mini-PMU, with similar failings when the external resources are withdrawn.

BENEFICIARY ORGANIZATION CHARACTERISTICS

DIMENSION	DESIRED CHARACTERISTICS	IRD EXPERIENCE
RESOURCE BASE	• Should control a renewable natural resource • Should establish and control its own budget • Should learn to generate new resources • Should be a resource base that can be managed better with collective action	A monopoly over a natural resource, such as irrigation water or woodlots, is a key to sustainability. Project financing or access to credit will evoke a response, but it may be short lived. Training and technical assistance in the exploitation of the resource base will be needed. The capacity to generate, budget, and manage resources may need to be built by the project. A vital resource base enhances chances for success, but a very large and visible one may attract predators.
SCALE	• Should be matched to resource base • Should begin smaller rather than larger	If it begins too small and does not include key personalities, success may be doomed. If it begins too large, the effort may be so unfocused that leadership skills may not be built. Village boundaries, settlement patterns, and other pre-existing boundaries must be taken into account.
OPERATING STYLE	• Should be open and visible • Should be compatible with and use local informal management mechanisms • Leaders should be accountable to a broad constituency	An open operating style draws members and ensures that organizational benefits are distributed equitably. Training may be necessary to support such a style as well as accountability to a broad membership. Even training in elementary operations, such as running meetings, may be needed. Although common wisdom suggests that this will be rejected in many cultures, the IRD experience is that it is widely acceptable.
MEMBERSHIP	• Should be broad based • Should not exclude local elites • Should share a common interest in the management of the resource base	Although members must have a common interest -- e.g., water -- membership should not be limited to a narrow group. The ideal is to be "inclusive" rather than "exclusive," but organizational benefits must be distributed equitably.
FUNCTIONS PERFORMED	• Should begin as single function organization • Should be able to adapt to new or multiple functions through time	The easiest way to cripple an organization is to force it to perform many functions before it can perform one well. Should begin with a single function -- water management or marketing, for example -- and learn to be effective before expanding its functions. This also gives it a clear place in the local organizational environment.
ESTABLISHMENT HISTORY	• Should not begin as a mechanism for the project to control beneficiaries • Should build on local pride, self-perception, and sense of self-reliance • Should not be imposed by outsiders	If an organization is identified by locals as a means for outside elites to penetrate the locality and control their activities, response will be avoidance rather than involvement. In an area with a history of self-reliance, local pride can be harnessed to provide a participatory momentum. consistency with traditional community norms speeds acceptance.
LINKAGES TO OTHER ORGANIZATIONS	• Should develop informally • Should not be forced	Effective local organizations develop linkages with others and use multiple channels to influence their environments. If one organization is a captive of another, it is not apt to satisfy member needs. Vertical linkages can improve access to support and resources. Horizontal linkages can reinforce the application of technical and administrative skills within the community. A strategy of building the capacities of selected organizations to serve other organizations allows efforts to be focused and improves changes for sustainable success.

ADMINISTRATIVE PROCESSES

by

Phillip Morgan

The discussion on administrative process emphasized ways to use administrative documents to explain observed behavior. For example, agricultural extension agents clustered around an office rather than interacting with farmers may suggest a need for training in such areas as communication methods, self-motivation, and time planning. But that may miss the mark.

If 97 percent of the budget of the Ministry of Agriculture goes for salaries, the lack of discretionary funds, rather than poor motivation or skills, poses a major obstacle to improving performance. Whether or not this is the case can often be established by examining documents produced by the system.

The impact of administrative processes within the project's immediate environment can therefore be major. In fact, meaningful evaluation of development management must cognizant of and sensitive to this dimension, especially if a project is designed to change these processes.

Key elements to observe are:

- The breakout of the budget of the project's host organization and cooperating agencies;
- The personnel system and the way it affects performance, morale, staff mobility, and salary levels;
- The budgetary system, annual programming and fiscal cycle, and the place of the project and its host ministry in that process; and
- Management mechanisms used to assess performance, maintain accountability, determine promotions, and recruit staff.

Individual projects are usually minor actors in the local administrative system. To understand any project-related impact on that system, one must first understand what it is and what its major processes are.

What follows is a checklist to guide inquiry about the system and the way the project fits into it.

Getting Started:

Assumptions: projects relatively successful

ag service delivery

3-4 weeks on-the-ground

Goals: To identify how certain functions are performed, not only the staff functions, but line operations pertaining to a function within a particular organization, e.g., extension. To identify questions and data sources as instruments for illuminating structures and processes.

Clues to the landscape: budgets, annual reports, org charts

Budgets reflect overall sector priorities, indicating just how important a given policy area might be to central policy-makers. (See examples from west Africa, esp. Liberian agriculture.) Reports and charts serve as official statements of goals and organizational arrangements which can serve as baselines against which one can match behavior.

The Project Focus - advantages, disadvantages

Identifying administrative processes in agricultural service delivery organizations:

1. What kind of unit is it interms of authority? autonomous project unit, mainline ministry, some hybrid of both?

2. What other questions do we ask? and to whom? Matters of policy making, goal setting, resource mobilization, work planning, work force management, communication, advocacy are of interest at different levels of the organization in question, as well as in significant other organizations.

<u>Means for generating questions: charts, checklists and propositions</u>:

The following questions represent important information, but msut be adapted to the right level, e.g.,

Is there top-level support? (budget, staff, facilities, information, protection from political interference...) "Top-level" is a relative term, but the source of support must be as high as necessary...to effectivelfy delivery the legitimation and the support specified.. Is this top-level fairly stable? Is there likely to be a change before the project is completed? Will the new leadership be supportive? What measures, if any, are being taken to build support?

Are there qualified people to act as project leader and fill the key posts on a team? The qualifications include: technical, managerial leadership, communication and negotiating skills as well as motivation. If qualified people are not available, is provision being made for their timely recruitment and training?

Is there an adequate mechanism for coordination with other organizations in other sectors, universities, regions or local government?

Is the implementing agency capable of developing a detailed operating plan...schedule, sequence, responsibility assignment, estimation of resource requirements for the tasks in the project?

Does the implementing institution provide adequate salary, allowance, promotions, recognition as well as provision for subsequent assignments for good people in projects? If not, what provision is being made or can be made to overcome this difficulty?

Is sufficient work space, equipment, communication facilities, transport and supplies be available? What remedial action needs to be taken?

Is the financial management adequate to provide: realistic estrimates of financial need? realistic allocation of spending authority?

Are there responsive procurement procedures? Are the bidding rules flexible, yet responsible? For projects with equipment, can the institution purchase, transport, store, guard, maintain and control such items? If not, how can provision be made for this capability?

Does the project report on progress and resource utilization? Are reports tied to plans? Can it take remedial actions in order to bfing projects operations into conformance with targets and standards? Will a system for project control and periodic evaluation be workable between the executing agency and the donor? and its own parent organizations? Has it been done before?

How is information generated concerning: (a) the external system it is trying to influence, e.g., health status of target pop), (b) the outputs the project is producing (c) the inputs it is utilizing - personnel, money, supplies; (d) the change in the indicators for the key assumptions made by the project plan does the implementing unit foster teamwork? Are there factors which impeded necessary coordination - what are they?

Delivery systems -

1. "Pull systems" - is the delivery really desired by the target population? What obstacles must they overcome (distance, cost, time, embarassment, poor quality service, cultural antipathy, lack of information, etc) to receive the product or service?

2. For "push systems", is the service or product acceptable or wanted? If not, what can be done to increase acceptance? Can the delivery be combined with some the target population desires, e.g., family planning info with regular medical services.

3. Is the product or service physically accessible - are there roads and means of travel?

4. Is it convenient to reach within a reasonable time period - either by walking or transportation?

5. Is the cost within the reach of the clientele?

6. Are the hours of delivery suited to the clientele?

7. Does the delivery harmonize or clash with the cultural expectation of the clientele group?

8. Are the physical surroundings in which delivery is made acceptable/offensive to the target group?

9. Are the personnel delivering the service or product perceived as friendly, helpful and competent by the clientele group?

10. Are there divisive factors that would estrange the clientele group and those delivering the product/services? e/g., race, ethnicity, religion, socio-economic status, ideology,?

11. Is there a systematic way to evaluate what proportion of the group is being reared?

12. How satisfied are they with the service?

13. For thos not reached, what are the reasons? For those not satisfied, why not?

14. Are there adequate incentives for the people in the delivery system to continue providing satisfactory service?

15. Are there quality controls and do they function?

16. What measures are there for target group involvement regarding their needs or participation in the management of the efort?

PROPOSITIONS

Examples of propositions from comparative experience in management of ag service delivery projects which can be used as generalizations from which to derive questions for management evaluation:

- involvement of local implementors in programming activites enhances their commitment and effectiveness;

- peformance aspects of a management system must be integrated with the personnel incentive and reward system; incentives must be created within the organization, not just the public service at large, to effectively motivate personnel, e.g., the use of in situ peer performance data;

- decentralized management systems require <u>some</u> degree of decentralized fiscal discretion;

- special-action or experimental units must have autonomy or be buffered in some way from political interference; however, special projects with special resources and special personnel create their own hostile environment. Therefore, plans for the experiment musrt include factor costs at local market prices and the gradual integration of the effort into the mainstream;

- certain public services are better facilitied through national or regional programs rather than through area-speific projects;

- reversing the direction of demands within public organizations is necessary when the goal is improving the lot of rural populations or other marginal or excluded groups. A service delivery org might have to mobilize the demand for its service as well as delivery them.

Add to that list the following correlates of success:

- where the org's mission or goals are well understood by the employees and goals are reasonably stable; policy does not change readily;

- where output is reducible to discrete, readily measurable tasks;

- where peer meetings with management permit fresh work planning, etc.

- where personnel management is within the hands of the org;

- where the management staff is lean;

- where management is buffered somewhat against patronage, etc.;

- where resources are somewhat fungible;

- where there is mutually attentive and respectful org/client relations;

- where the management supports employee initiative;

- where the process of goal definition is collegial, or participatory;

Example of detailed question design:

Functional focus: extension - Given that sub-function of ag service delivery, who do we ask what questions?

Questions for the farmers

Questions for the extension aides, field types: both technical and commercial;

Questions for supervisors of field staff;

Questions for managers of extension staff -

Questions for chief admin officer, chief maintenance officer, chief financial officer, chief executive (Project Director)

PRACTICAL GUIDELINES FOR ASSESSING AND EXPLAINING DEVELOPMENT MANAGEMENT PERFORMANCE

by

Janet Tuthill

PRACTICAL GUIDELINES FOR ASSESSING AND EXPLAINING DEVELOPMENT MANAGEMENT PERFORMANCE

Objectives for Workshop Session

Objective 1: Provide field evaluation teams involved in development management assessment with operational guidelines and tools to use in evaluating management performance in each project.

Objective 2: Provide practice for teams in tool use prior to field work

Steps:

1. Introduce framework for five characteristics of project management and facilitative conditions.

2. Teams practice on two sets of tools: strategy identification for project and sets of questions on management characteristics.

3. Teams share results with each other.

4. Questionaires are refined to reflect workshop experience.

BACKGROUND PAPER FOR ASSESSING AND EXPLAINING DEVELOPMENT MANAGEMENT PERFORMANCE

The approach to preparing guidelines for assessing management performance proposed for use by the evaluation teams in the workshop and in the field is based on some commonly used management assessment models. Without preparing a lengthy discussion on the merits of the paradigm being used, we will outline the conceptual thinking behind the construction of the instruments to be used by the teams.

Development Management Defined

Development management is a process by which resources available to developing countries are organized and used to achieve specific development objectives. As ST/RD has characterized this process:

> Managment supports the transfer of technology...to LDCs so as to maximize the technology's impact; and management is itself a technology to be transferred and adapted to LDC needs. Management assistance helps LDCs to make effective and efficient use of scarce resources, to structure development tasks, and to find ways to accomplish them. [1]

Experience in implementing development programs has shown that good management is an essential element of economic development for host country implementing agencies as well as donors. Efficient and productive management of human and material resources requires the application of appropriate techniques to solving problems as well as the long-term instutionalization of these methods to ensure effective management after external support has ended. U.S. assistance efforts must be sensitive to social cultural, and economic conditions in prescribing long or short-term management techniques. This applies to effective project management as well as to increasing the capacity of organizations and groups which are called on to manage development assistance in Africa.

Recognizing that the objectives of the upcoming workshop are to prepare the evaluation teams to look for, measure, and analyze information on the management impact of selected development projects in Africa, we have selected an approach to the analysis which starts with basic questions and elaborates them into a series of questions to be used as needed.

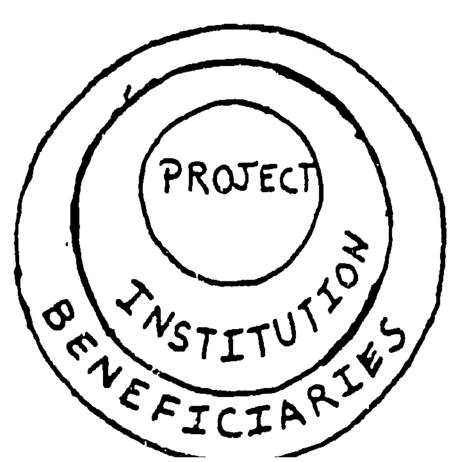
These assumptions are made concerning the nature of the management phenomena to be examined:

1. Some project-related managers are effective in their performance.

2. Their background, experience, and training contributed to their effectiveness.

3. Certain factors in the project environment facilitated management effectiveness.

In order to assess effective management, we will look at three levels: the project itself, the institution around it, and the beneficiaries of the project. (See figure below).



In assessing effective management one would look at the project itself, including the managers associated with it, the institution or set of institutions it operates in and which carry out ddevelopment activities, and the beneficiary or target group which receive or participate in development impacts.

Within a project setting certain characteristics have been found to be present in projects which were judged successful by donors, implementors, and beneficiaries. These characteristics include:

1. Consensus on objectives and strategies.

2. Realistic project plans and agreement on their implementation.

3. Roles and responsibilities well-defined and understood by all parties.

4. Appropriate mechanisms to direct, coordinate, follow-up on tasks, and assure delivery of benefits.

5. Systems for monitoring progress and evaluating results are present and made to respond to changes in project environment.

In addition to characteristics of project management, certain facilitative conditions have been found to be important in determining what affects the project management. These conditions would include:

* pressure for and commitment to change from both the internal and external environments--such that there is genuine concern for seeing development results and guidance improvement;

* multi-level involvement or participation in the purposeful action and the improvement effort

* a degree of realistic self-reliance on the part of operational groups—such that they are interested in help, but in ways that promote learning and self-reliance as competence and confidence are achieved;

* openness to innovation, new ideas, and methods, a willingness to examine data, information, and new opportunities with open minds and a receptivity to learning;

* a minimum level of stability, continuity, and security both in the immediate external environment and in the organizational context. [2]

Personal factors of background and experience are included as an important explanatory factor for project performance assessment.

The workshop sessions will include presentation of the characteristics and conditions and working sessions using the instruments in simulated conditions.

FOOTNOTES

1. "Essential Elements of Development Administration: Considerations for Program Design and Implementation", AID, Bureau for Science and Technology, Office of Rural and Institutional Development, 1983.

2. DPMC, _Guidance System Improvement: An Emerging Approach for Managing Agricultural and Rural Development_, April 1983.

Practical Guidelines for Assessing and Explaining Development Management Performance

(Project Strategy Identification and Description of Management Dimension)

The following sets of questions are designed for use in determining what kind of strategy was in use in the project to improve management capability.

1. Is there any output in the project design logical framework specifically aimed at improving management?

2. Are there any other conscious indications of a management improvement plan in the project design?

3. Are there activities outside the project being carried out by USAID or other donors which aims at management improvement?

4. If the project has a training component is management training included? What kind? Long-term, short-term, in-country, third-country, study-tour, other? What content?

5. What kind of technical assistance was planned? What kind was delivered? Long-term, short-term, combination?

6. In what organization/institution was the technical

assistance placed? Project? Government? Local institution?

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The management component of a project may be a planned or unplanned strategy. Project designers and/or implementors may have outlined a specific strategy to enhance the managerial performance of the project staff to achieve a given set of outputs within a given organization under the existing environmental conditions. This strategy could have included elements such as managerial training, systems consulting, etc., which were financed and planned over the life of the project.

The management enhancement component may also have been unplanned and informal. Project actors may have taken the initiative to visit other managers, organizations, projects to evaluate their systems, processes, and structures. Project actors may have conducted in-house management training with existing expertise.

If we are to evaluate the relationship between the management enhancement component and the success of the project and its impact on beneficiaries, then we will have to make clear what the boundaries of the enhancement component actually are.

Illustrative questions which may elicit a more complete description of what was actually done to enhance the management dimension of the project are suggested below. You are trying to develop a line of questioning that surfaces both the planned formal interventions to enhance management as well as the informal efforts.

What makes it difficult to manage projects in your organization?

Why was this a difficult or easy project to manage?

What was it about the project management that people thought needed improvement?

What specifically did you or others do to improve the management of the project? Was there training, changes in the financial management system, the way you conducted meetings, the membership of the implementation team, etc.?

Who had the most positive impact on the way things were managed in the project? What did he or she do to improve the way things were managed?

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Once some key components and strategies for the project have been identified it is possible to probe more deeply into both the formal and informal factors which can explain management performance.

THE MANAGEMENT DIMENSION

The purpose of the next series of questions is to describe what the management component actually looked like by the end of the project. The difficulty is isolating the managerial from the technical elements.

Method:

The method for eliciting a description of the management dimension is based on an executive interview approach. Basically, the interview is attempting to ask a series of leading questions that draw anecdotal, impressionistic, opinionated responses to management related issues. The interview itself should be perceived by the interviewee as conversational and not strongly structured. But the questions posed by the interviewer will be based upon a model of what he or she believes captures the essential management dimension of a project.

The Management Dimension:

For our purposes, and as a point of departure, we are proposing that a useful way of defining the management dimension of a project is by identifying the degree to which a project team effectively performed the following five functions:

* Developed a sufficient degree of mutual agreement on project objectives

* Developed clear roles and responsibilities for project actors

* Developed realisticc schedules/plans and accurate

budgets

* Maintained a mechanism for day-to-day implementation

* Maintained a mechanism for responding to change (monitoring and evaluation)

These components, while they can be stated separately, are fully interrelated with one another. Therefore, you cannot speak about day-to-day implementation mechanisms very long before running into the issues of clear roles and responsbilities.

In addition, the performance of each of these functions depends on the ability of project actors to work in teams and to solve problems and make decisions effectively.

Before determining how these five functions contributed to project management it is necessary to understand the facilitative conditions which can determine what project management can do.

The questions below are designed to elicit a description of the degree to which these facilitative conditions existed (or were maintained) and the degree to which the managerial functions were performed effectively by project teams.

What do you think was the most effective part of how this project was managed? or, What was it about the management of this project that made it succeed? or, Was one person or group of persons responsible for making this project succeed? If so, what do you think they did to make this happen?

What was the weakest feature in the way this project was managed? How would you do it differently if you could do the project over again?

How did this project compare with other projects in your organizations in terms of the way it was managed? How do you account for the difference?

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These kinds of open-ended questions which try to get at the formal and informal aspects of the managerial process can lead to the questions below. The order is not as important as developing an overall description of what the managerial functions looked like at the end of the project.

<u>Factor</u>:

> Pressure for and commitment to change from both the internal and external environments, such that there is a genuine concern for seeing development results and guidance improvement.

<u>Questions</u>:

Who were the important actors and decision makers outside the project management who had control over the implementation?

What kind of influence did you or the project team have over them? Give an example of influencing them.

What kind of linkages existed or were developed with them or their organizations?

What would you say demonstrated their commitment or lack of commitment to the project aims?

Did you personally feel these critical decision-makers wanted to see a change in the way their organizations functioned? In the way they were managed?

Factor:

Multi-level involvement or participation in the purposeful action and the enhancement effort.

Questions:

If the project implementors came from various units and various levels in the organization, were they willing to work together in a working team on project objectives? What prevented people from working together? or, Did conflicting objectives and status prevent these people from working on the same project?

Were the right people working on the project? Were the right units, offices represented? Did the project have the authority and expertise for implementation?

Factor:

A degree of realist self-reliance on the part of operational groups, such that they are interested in help, but in ways that promote learning and self-reliance as competence annd confidence are achieved.

Questions:

Did project actors and related decision makers have any long-term perspective about the sustainability of the project's results?

How did the organization plan to become self-reliant and function independently of the USAID personnel?

Factor:

Openness to innovation, new ideas and methods, a willingness to examine data, information, and new opportunities with open minds and a receptivity to learning.

Questions:

Some of the management approaches were new and required changes in how people work together and how resources were used. How willing were people on the project to try new ways of organizing?

Ask for an example of the team's willingness to experiment with new approaches to managing the project.

Factor:

A minimum level of stability, continuity, and security both in the immediate external environment and in the organizational context.

Questions:

How secure was your original organizational position while you were assigned to the project?

Were project actors assigned to the project formally or was their connection to the project informal? How did this affect the management of the project?

Was your organization being restructured in significant ways during the life of the project?

How did the economic and political situation in your country limit your ability to make significant management improvements?

BASIC MANAGERIAL FUNCTIONS

Once some understanding of facilitative conditions is established, the team can examine the degree to which the project has fulfilled the five basic managerial functions. These functions are examined at several levels to determine the roles which project, institution, and beneficiaries play in project management performance. It is important that beneficiaries participate in the evaluation inquiry process to determine whether the agricultural services in question were actually delivered and what role the beneficiaries played in project management.

Function:

The degree to which the project team reaches and maintains consensus on, and commmitment to, objectives (mission, goal, purpose).

Questions - Beneficiary level:

How do you think the users of project services would describe the purpose of the project?

Were they involved in any way in defining or redefining project objectives? How was this done?

How would they describe their participation in setting objectives?

Questions - Project level:

What would you describe as the objectives of this project?

How did these objectives get set? Who participated in defining project objectives? Were they taken from a document,, was there a meeting, a workshop?

How did project objectives change during the life of the project?

What did you like most about how this was done? Least?

How effective do you think this process was? Why?

Do you agree with the project objectives? Do you think others inside the project have the same definition of the project objectives?

How do these objectives relate to the organization's objectives?

Questions - Organization level:

What do you see as the main purpose or mission of this organization (department, division, or unit)? Why does this organization exist?

How do you think other (collaborating, conflicting) agencies define the organization's purpose?

How is this purpse defined? Is it written down, understood informally, discussed annually?

How do you think people in the organization, outside the project team, see the objectives of this project?

Has the project had any effect on the way the organization sees itself? What?

Function:

The degree to which a project team maintains clarity on roles and responsbilities.

Questions - Project level

Role:

What was the most confusing aspect of trying to understand your role in this project?

What was your role in this project? How was it defined? By whom?

If it was different from the role you play in your organization, how did you or others resolve these differences in project and organizational roles?

How did the definition of your role in the project change over the life of the project?

Responsibilities:

What was the most confusing aspect of how team responsibilities were defined?

What did you like best about how responsibilities were ddefined and redefined?

How did you know what tasks to do? Were you told, left alone to decide, did you have group meetings to define responsibilities? Was this face-to-face, by memorandum, telephone, etc?

How detailed was your understanding of your project responsibilities?

Did others in the project know your role and did you know theirs? Were there overlapping roles being played and did some people have the same responsiblities as others?

Did your responsibilities have anything to do with project objectives and activities, or did they include a little of the project and a little of some unrelated work?

Has the clarity of your role and the specificity of your responsibilities changed since the beginning of the project? What do you think is the reason for this change?

Questions - Institutional level:

Role:

How has this project changed the way your institutional role has been defined?

How was the conflict between your institutional role and your project role resolved? Was it?

Responsibilities:

Did you have clear insitutional responsibilities at the time you were trying to define your project responsibilities?

How did people in the organization react to the project's attempt to put definitions on people's work responsibilities?

Has anything changed about the way your institutional responsibilities are defined because of the project? Will this last long?

Questions - Beneficiary level:

How could the beneficiaries of your project's services have played a more effective role?

How do you think the users of your project's services would describe their role? Did they have any idea they were involved in a project at all?

What were their responsibilities in the project?

Function:

The degree to which the project team developed accurate schedules and realistic budgets.

Questions - Accurate Schedule - Project level:

Would you be willing to use your team implementation plan like a bible to guide day-to-day activities? Why not?

How did you develop a schedule of activities? (meeting, workshop, individual working on his own) Who was involved? What did you like most about this process? Least?

Could you give a brief description of what the plan of activities looked like?

What was the greatest strength in this plan? Greatest weakness?

How realistic were these plans? Were they done to satisfy a requirement or to use as a guide?

How were the plans actually used during implementation?

How did you revise or up-date them?

Did the plans have any relationship to the definition of team responsibilities? Determination of the budget? How was this agreed to?

<u>Questions - Accurate Schedule - Institution level</u>:

What impact did the project's approach to planning project activities have on the institutions's approach to planning projects, if any?

<u>Questions - Accurate Schedule - Beneficiary level</u>:

What was the biggest problem in coordinating the project schedule of activities with the beneficiary's calendar?

<u>Questions - Realistic Budgets - Project level</u>:

What was the biggest problem with managing or controlling the project budget? How did you or the project team try to deal with this problem?

What was the relation of the budget to project activities annd objectives? How were the budget figures justified?

How did you know if you had enough resources to do the project?

Were project expectations too ambitious given the resources available?

How was the budget developed? Who worked on this?

Do you think there was enough team involvement or not enough?

Questions - Realistic Budgets - Institution level:

What was the greatest difficulty integrating your project budget with the organization's approach to budgeting? How did you work this out, if ever?

How did the project's approach to budgeting affect the organization's budget system, if at all?

Questions - Realistic Budgets - Beneficiary level:

Did the beneficiaries of project services have any input in the budget estimates?

Function:

The degree to which there were effective mechanisms for day-to-day implementation of project plans

Questions - Project level:

What do you think was the biggest difficulty in getting project agreements implemented day-to-day? How did you deal with this?

How did you keep people motivated?

Describe any mechanism you used to keep people aware of their implementation responsibilities and motivated. Did you use meetings, phone calls, one-to-one conversations, etc.?

How often did you come together? Did you have weekly or monthly planned meetings, unplanned mmeetings? If you had meetings, describe how these were conducted.

How were decisions made about daily implementation? Were they made by one person telling another, a few people talking and then deciding, etc.?

Who had authority for day-to-day implementation? Was this authority shared? How was it defined (based on position, technical expertise, status, age)?

If you felt that your project team lacked sufficient authority to implement within the organization, how did you solve this problem?

What was the most effective aspect about the way the team organized its daily and weekly project activities? Was this an improvement over the way you did it at the beginning of the project? What explains the difference?

Questions - Institutional level:

Did your project approach to day-to-day implementation have any effect on the organization? Did it affect the way some of you ran your own offices? How?

Questions - Beneficiary level:

What was the biggest problem in coordinating daily project implementation plans with the beneficiary of project services? How did you resolve this?

Function:

The degree to which the team maintained a mechanism for adjusting to uncertainty and external factors

Questions - Project level:

How did things change in this project from the way people saw it at the beginning? How is the project different in objectives, design, magnitude, structure, etc?

NOTE: Your questions are looking for changes in external or internal factors that might require some form of information system to reveal (like pricing policy, impact of subsidies, response to loan packages, etc.) as apposed to something abvious like political upeavals, natural disasters, inflation, etc. Ask until you come to some of these factors and then continue the questions.

When did these kinds of changes begin to take place?

If you developed a mechanism for monitoring these external factors and/or tracking project progress, how did it work?

What did you like most about the way your team responded to these changes? Least?

How did you know this was happening? Where did you get your information? How did you use it?

What could you do to influence or adapt to these changes? Give a few examples. Did you adjust the plan of activities, budget, structure, or the project objectives because of these factors?

Of those factors over which you had some possible control, how did you try to influence them?

Describe how your team approached these kinds of problems or opportunites. How did these issues get discussed (by one person, a couple, the whole team)?

Questions - Institution level:

How did your team involve the rest of the organization in responding to these changes in the project? Did this have any impact on the way the organization looks at monitoring and influencing its efforts?

Is any part of the project's monitoring and reporting system used by the organization now?

Questions - Beneficiary level:

What was the most difficult part about responding to the way the beneficiaries of the project were using services or not using them?

Personal Factors Affecting Project Management Performance

In addition to the exploration of conditions inside and outside the project environment, it is important to examine the personal factors in the key decision-makers' and project managers' backgrounds which may explain elements of project success and point to areas where more attention is needed in training host-country personnel and providing appropriate technical assistance.

Questions:

Do people have the skills they need to manage the design, implementation, and evaluation of this kind of project effort?

How would you characterize the kind of people working on this project: are they technical, administrative, management types?

Do you think any of the staff were selected for their management expertise?

What about yourself? Is your background strong on the technical side, management side, or perhaps both?

When you started working with the project did you think you needed any assistance in managing or improving your managing? Did you think the others needed help with their management skills?

Did your project members seem to you to work as a team when you first came together?

If you think that your leadership managed well from the outset, what did he or she do that you felt was good management?

Why were people either motivated or unmotivated about the project? Did the positions in the project carry any prestige?

Have your managerial skills improved since the beginning of the project? How? Did they improve because of something you did, some assistance you received through the project, or some of both? How were they defined? What kind of process was used? Did you have group meetings, did someone read it from a project document, was it announced or circulated by memorandum? Do you think the right people were involved?

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If possible, it would be useful to elicit as much background as possible from the individual concerning education, job experience, place of birth (proxy for ethnicity), etc. so that explanatory factors related to management performance can become part of the management evaluation.

SECTION FIVE

CONCLUSION

The final sessions of the workshop were devoted to planning the field trips and ensuring that the field reports maintained the overall focus of this evaluation series.

TEAM AGENDAS

Immediately prior to the workshop, evaluation teams of three to four persons each had been designated and assigned country and project responsibilities. This allowed team members to begin to establish working relationships amongst themselves and to reinforce a practical orientation to the workshop. This team-building process was carried throughout the workshop in scheduled as well as informal team meetings. In effect, each team began its field activities at the workshop. By the end of the five day workshop, the teams had assumed full responsibility for field work preparations, with CDIE moving into a support and coordination role. This was an essential part of the overall sector strategy. With the exception of four consultants, all team members were regular AID staff drawn from PPC, S&T and the Africa Bureaus.

In selecting projects to be evaluated, CDIE and the Africa Bureau followed several guidelines. First, only projects in the agricultural sector were considered; within the sector an attempt was made to further concentrate on agricultural services delivery projects. Second, consideration was given to projects that had been completed (or had completed the first phase) in the last two to three years. In either case there was to be available some personnel-host government on U.S. -- with some experience with the projects. Third, projects were selected that were generally regarded to be successful and, if possible, to have successful management enhancement components. Thus, the projects selected include area development, sector planning, management training, range management, and agricultural education components. The projects ultimately selected were:

- Agricultural Planning Assistance (Liberia);
- North Shaba Rural Development Project (Zaire);
- Niamey Department Development I (Niger);
- Agricultural Systems Support (Edgerton College) (Kenya);
- Livestock and Range Management (Lesotho); and
- Bakel Irrigation (Senegal).

Each evaluation was to take approximately one month to complete. As part of the field work, teams were also asked to conduct a workshop at the post to share preliminary evaluation findings with USAID and host-government personnel and to disseminate some of the lessons from the evaluation workshop. While each poject evaluation was to lead to a completed project report, the principal findings from this overall exercise will stem from a comparison and synthesis of individual project findings. Synthesis activities will begin as soon as each team returns, by reviewing reports and interviewing team members, and then preparing a synthesis report of the evaluation lessons. The Draft report is scheduled to be completed by the end of April 1985. It will be written by George Honadle, who will participate on the Lesotho Team, and it will be reviewed by members of all the terams at a seminar in late April, before the final version is completed.

The final Easton workshop sessions dealt with the type of report to be prepared by each field evaluation team. It was agreed that the main report would have a 15-page single-spaced body preceded by five 1-page items and followed by appendices dealing with each of the five substantive areas as well as any project-specific additional areas of concern. The body would contain:

- Preface and acknowledgments;
- Executive summary;
- Project data sheet;
- Map;
- Glossary of terms;
- Country development setting;
- Project description and analysis;
- Summary of findings; and
- Lessons learned.

Each report would have its appendices self-standing so that both case studies and appendices could be used to write the synthesis paper, which would tie the lessons together and contribute to the state of the art of development management. The five areas would be viewed in the light of both immediate project performance and long-run local capacity-building perspectives.

This report format was intended to provide comparability of findings as well as the flexibility needed to incorporate unforeseen but significant information. Without comparability; systematic knowledge building was deemed unlikely; but without flexibility, meaningful messages were expected to go unrecognized. The agreed-on solution was to stress the comparability but allow the individual project lessons to determine both the relative importance of the different dimensions and the level of analysis devoted to each. This approach recognized the experimental nature of the effort to capture and advance the state of the art of development management.

EVALUATION SERIES AGENDA

The Easton workshop of September 1984 was the first step leading to three regional assessments of field experience with development management in Africa, Asia, and Latin America. The funnel design of the workshop, going from historical trends and environmental factors to project characteristics to schedules and scopes for field teams, represents the first stage of a learning process that was shared by both practitioners and university-based experts. This stage will culminate in case studies undertaken by the practitioners.

The second stage of the learning process will go from the narrow findings of the individual field studies to the broader, issue-oriented synthesis of experience in Africa. This will be captured in a synthesis paper to be shared among the various segments of the development community. Each of the other regional assessments will follow the same path.

The final destination will be a set of three regional summaries that highlight both general principles and contextual variations in knowledge of the state of the art and offer suggestions for improving the state of the practice of development management. This report outlines the exercise that marked the beginning of the march toward that destination.

APPENDIX 1

Background Paper and Preliminary Scope of Work

Evaluation of Alternate Approaches to Enhancing Developing Country Capacity to Manage Development Projects

I. Background and Focus

1. The Problem

There has hardly been an AID funded development project whose problems have not pointed to a lack of developing country "capacity to manage". Frequently, however, that problem has been identified without fully understanding what "capacity to manage" means or what solutions are possible for enhancing that LDC capacity. AID's Center for Development Information and Evaluation (CDIE) is undertaking a series of impact evaluations to provide a better background of project management problems and to assess the impact of some management improvement interventions which AID has introduced to enhance and build LDC management capacity.

2. Focus of the Evaluation

The term "development management" is not easily defined. But there is such an activity. Thousands of people work at this task and billions of dollars of resources are subject to their efforts. For this evaluation the term requires, at least, some focus.

In a category at one end of a scale of abstraction are concerns with physical resources and the natural environment - land, water, minerals, etc. In this category are issues of the application of scientific, engineering and technical knowledge. This category includes research activities, development of improved seed, pesticides or other agricultural practices, building of cold chains for tropical health or improving sources of renewable energy. Individual farm management would be in this category. Historically, development specialists have concentrated on the perfection of these technical packages which are the physical input to the development process. This approach to development management goes back to ideas embodied in the very name of an AID predecessor agency - TCA - the Technical Cooperation Agency.

At the other end of the scale, in a "higher" category of abstraction, are questions of socio-political and macro-economic policy. In that category are issues of structure and distribution of political power and of control of the sources and means of production. This is the category of policy dialogue on national goals and basic societal orientation.

Between these two categories is a somewhat less abstract but yet not so technical a series of activities. In this middle category are questions of organizational and institutional structure, operating systems and administrative processes. Here we are concerned with improving human skills to effectively apply the macro level socio-economic-political ideas and to efficiently use the improved technical packages.

In the "higher" category, therefore, we are concerned with the management of ideas; in the "lower" category with the management of technology; and in the "middle" category with the management of institutions and the people who work in these institutions or who are the beneficiaries of the institutions..

3. Evaluation Emphasis

Some development practitioners seem to think that helping developing countries solve their scientific, technical or capital infrastructure problems is what AID is all about, but improving institutional and human capacity is not worthy of much attention. Similarly, some experts feel that macro-economic issues are important subjects about which to engage host governments, but those administrative issues will take care of themselves.

Just as there have been advances in technical areas and ferment as to economic policy, so more attention must be given to those interventions which strengthen the capacity of LDC institutions and managers to effectively apply new economic policies and efficiently use improved technical packages. While improvement of management of all three categories is important to success of the development effort, we propose to concenrate, in this evaluation, on the middle category of development management issues.

4. Brief History of Development Management

AID has had long experience with projects designed to improve that middle category of development management problems. Witness the projects in "public administration," "institutional development," "human resources," and "community development". But just as we have not yet found a universal theory of the substance of development, so a theory of institutional and human behavioral change intervention, crucial as a tool for development managers, has not yet evolved.

In a recent report to AID, Dennis Rondinelli attempted to trace AID's approaches to improving development management. He described-

"1]...the 1950's and early 1960's when the 'Point Four' technology transfer approaches were dominant, 2]the mid and late 1960's when AID adopted the administrative reform and institution building approaches,

3]the early 1970's when AID concentrated on sectoral systems and project management approaches,

4]the mid 1970's when the "New Directions" mandate to designing and manageing programs and projects to reach the 'poor majority' more effectively, and

5]the early 1980's when the emphasis was refocused on expanding institutional capacity and improving management performance through process intervention, bureaucratic reorganization and social learning." 1/

It is correct that in the early 1960's AID development management programs emphasized creating and strengthening central government institutions and administrative processes, e.g., public finance, government budgeting, tax collection, central purchasing, personnel, basic data collection. This emphasis on centralized, public sector management of the development process resulted, in part, from the institutional nature of the AID program. Donor agencies such as AID were instruments of central governments. They found it easier to work on a government-to-government basis with developing country central government officials. On the recipient side, officials with advanced skills were usually located in the capital cities working within their own central governments. Donor technicians found it more congenial to work in the capital city where language and creature comforts were less of a problem. This was also true of many host government officials whose ethnic and tribal differences made them almost as foreign as the American (or European) technical advisors when they went outside of the capital city.

There were also political considerations that led to the early development management strategy. Governments of many newly independent, developing countries have maintained power through military force. With little experience in government, with weak national institutions and fear of counter-coups, and impatient for results, these early governments preferred to manage their economies with a central, controlled approach. Similarly, despite the "free market" orientation of most Western donors, early technical advisors nevertheless felt that, for the newly independent countries of Asia and Africa, the way to foster growth and development was to establish and strengthen central government planning and implementing mechanisms.

1/ Dennis A. Rondinelli "Development Management in AID: A

The underlying strategy in those early days, therefore, was to transfer Western public or private models, together with a variety of training programs to transmit the theory and skills required to operate these systems. While Western technical advisors in those early days recognized that models from the industrialized countries should be adapted to local situations and not merely transferred, they did not yet have sufficient experience to fully understand how really different U.S. and European approaches to management were from third world conditions. At the same time, host government officials, while delighted to receive Western assistance in the form of financial resources or technical information, began to become uneasy when they perceived that they might have to accept basic changes in their institutional or socio-cultural systems to enable the new technology to work.

Toward the end of the 1960's, as the successful days of the Marshall Plan were becoming history and as the AID programs began to shift away from the relatively more developed countries of Latin America to the newly independent and newly developing countries of Africa, AID, the Congress (and the academic community) perceived that new approaches to development management were essential. Attention went in two directions. One thrust was inward. The United States began to consider ways to improve the internal management of AID's systems for project design, implementation, control, evaluation, etc. The other thrust was outward. Attention was focused on ways to improve development management by the institutions and people of the aid receiving countries, themselves. In this evaluation we will be concerned principally with the latter; another CDIE task force is dealing with the former. Where appropriate we will deal with the interrelationship between the two.

The nature of the outward thrust was influenced by changes of macro policy management. Perhaps most important to AID was the Congressional mandate in the Foreign Assistance Act, as amended in 1973. In that Act Congress instructed AID to give the highest priority to activities that directly improved the lives of the poor majority and enhanced their capacity to participate directly in their own development. The second influence was the deteriorating world economy which reduced the availability of foreign development assistance. At the same time there was also a decline in domestic revenues available for development. One result of these influences was an interest on the part of developing countries to shift the responsibility for management of development projects, and the costs, from central governments to local villages, cooperatives and to the beneficiaries themselves. The shift was considered possible because of commensurate changes in the internal political security and institutional capability of many developing countries. As central governments gained more national institutions were created and strenthened, as physical infrastructure such as roads and communications were improved, as heightened national identity reduced the need for central control - and as donor agencies became more experienced, it was felt that development activities might be managed more effectively and perhaps at less cost at the local level.

At a panel at the 45th Conference of the American Society for Public Administration, David Korten presented the following chart to focus on some of the management issues of different development strategies.

MODEL	GROWTH	WELFARE	EMPOWERMENT
VALUES	PRODUCTION CENTERED	PEOPLE-ORIENTED	PEOPLE-CENTERED
ROLE OF STATE	ENTREPRENEUR	SERVICE PROVIDER	ENABLER
ANALYTIC FOCUS	MACRO-ECONOMIC INDICATORS	SOCIAL INDICATORS	HUMAN ECOLOGY
PRIMARY RESOURCE	CAPITAL	-----	HUMAN CREATIVITY & COMMITMENT

According to Korten, the development model has been shifting from "growth" to "welfare" to "empowerment." The essential "values", as he calls them, of each model has shifted from "production - centered" to "people - oriented" to " people - centered." That is, early development management strategy saw the government at the center of the development process. Much as a private entrepreneur, the government used capital - its own or donor provided, labor - of its people, and land -the territory of the country, to increase national production. The overall measure of success of the growth model was a GNP indicator.

The shift toward the "people", he suggests, has been taking place in two steps. In the first step, the national product is created to be passed to the people. The measure of success becomes, for example, the PQLI (Physical Quality of Life Indicator). In the second step, the "people" themselves begin to be at the center of the development process. The role of the national government shifts. It becomes an enabler assisting the people to carry out decisions they make themselves.

The concept in the middle line in the chart, the <u>Role of the State</u>, is useful for this evaluation. The attitude of the managers and people associated with the development project is one of the questions for consideration by the field evaluation

The shift has not, of course, been so neat or straight line, nor does the chart exhaust the number of different strategies to development management. But we may now be at a point in the history of development management when projects designed under the "top down/central government/controlled" approach (the "first wave"-to use a concept introduced by John Harbeson of the University of Wisconsin) may have begun to be terminated, and new projects designed under the "local direction/peoples participation" approach (the "second wave") may be coming on line. A "third wave" of "power to the people projects" or "community management" projects are, perhaps, being introduced, particulary in Asia. Because these are potentially important shifts this evaluation will use, as one major organizing question, the impact of this shift in levels of project direction on our question of development management.

II Evaluation Questions

With the above as focus and emphasis, there is one organizing question and the following five broad subject areas on which this evaluation will concentrate.

1. Organizational, structural and institutional issues.
2. Administrative process changes.
3. Resource input management
4. Human resource development and behavioral change.
5. Contextual factors of management.

The organizing question - Levels of project direction

We have isolated 17 levels of project direction in five related groupings. During the computer data study in AID/Washington, preliminary to the teams going to the field, these levels will be clarified and further defined. We will attempt to determine whether the shift toward local management has, in fact, taken place. We will attempt to determine differences in management problems at the various hierarchical and organizational levels. Particular attention will be given to differences resulting from management by the formal government bureacracy compared with management by private institutions or traditional leaders. We will evaluate the interventions introduced to resolve specific management problems and to enhance the country capacity to do so on its own.

For our purposes the "level" of a project is within a commonly understood socio-economic political hiararchy. Principal responsibility for everyday project planning and implementation decisions will be our criteria for determining the level at which the project is placed. Location of principal authority for making operating decisions is a dynamic will analyze the decision making process and consider, inter alia, the management problems which flow from changes in its location.

The proposed levels of project direction are:

Formal government

1. National government
2. Decentralized unit of national government
3. State/provincial/arrondisement
4. Sub-provincial/municipal

Semi-government

5. Parastatal organizations
6. Separate authority
7. University/school
8. Banks (unless clearly noted as national or private)

Private sector

9. International/multinational/regional
10. National (large)
11. Local (small) private sector

Semi-private

12. External PVO
13. Internal PVO
14. Cooperative/association

Traditional groupings

15. Pastoral/nomadic groups
16. Villages other settled areas
17. Household/family.

Question on # 3. in the CODING INSTRUCTIONS appended to this Scope of Work provides detailed definition of each "level." (Note: The question of comparative advantage of one kind of institution over another as the preferred mechanism to manage a particular type of development project - with emphasis on the use of more local level institutions - will be the subject of a book soon to be published by Norman Uphoff of Cornell University under contract to S&T/RD.)

1. Organizational, structural and instituional issues

We will evaluate the administrative culture within which the project operates. Consideration will be given to the established and informal (working) relationships among affected organizations and people in them, e.g., government will be concerned with working arrangements of project personnel with other units of the ministry within which they operate, to ministries at higher or staff levels, to agencies that service or support the project, to beneficiaries and to donors. We will ask questions about clarity of project goals and objectives and whether these are uniformly understood by the principal groups of people associated with the project. We will look into commitment by politicians, bureaucrats and beneficiaries to the goals of the project and their participation in decision making on project design, implementation and evaluation. We will look for alternate institutional and structural arrangements that seem to work.

Questions # 4. & 7. of the CODING INSTRUCTIONS appended to this Scope of Work and the Suggested questions for use by field evaluation teams, also appended, provide further detail on this subject area and the specific questions to be asked.

2. Administrative process changes

Consideration will be given to those actions in LDC development institutions which require applications of administrative process improvements - particularly when these may be somewhat different from those in the U.S. (or Western Europe). We will focus on the question of how traditional U.S. "business" or "public" administration is converted into "development" administration. We will be concerned with questions of:

- authority
- decision making
- coordination
- planning and scheduling
- fiscal, financial, accounting and other "monetary" matters
- logistics, procurement and inventory of commodity inputs and outputs
- monitoring and evaluation
- reporting, as related to all of the above.
- other factors that may show up in the computer analysis or which may be unique to the projects evaluated.

3. Resource input management

While this is an extensive area, we will concentrate on problems and techniques for improving financial and commodity management. In this evaluation we hope to better understand the linkages that these have with other management factors in an integrated way. We again refer the reader to the CODING INSTRUCTIONS, question # 7, and the listing of specific questions on which the AID/W as well as the field portion of this evaluation will focus.

4. <u>Human resouce and behavioral changes - enhancing peoples capacity</u>

This area will receive priority attention in this evaluation. We will want to determine whether and how effective are the managers in the projects being evaluated and if we can find some relationships between effective managers and effective projects. We will be concerned with the skills, attitudes and management capacity of the people who are to benefit from the project. We will want to look at projects and project components specifically designed to enhance the capacity of leaders, managers, cadre and beneficiaries to particpate effectively in the developement projects.

We have used the term "enhancing" rather than "training" or "education". Our concern is that these latter terms may be so common they might limit the process of "discovery" of the evaluation. That is, beyond traditional in-country training, or specialized training in the U.S. or a third country, etc., we are interested in new techniques that may have been perfected to make the teaching/learning process more effective, more specific to the material to be passed on, and more relevant to the people being "enhanced." For example, in the extreme, what are the special problems for teaching accounting to a Minister of Rural Development or the same subject to a village or cooperative leader?

Factor	The Minister	The Coop Leader
Language Spoken	National/International	Tribal/Local
Writing Ability	Literate	Illiterate
Record Keeping	Written	Oral
Social Values	Modern (Western)	Traditional
Educational Background	Formal Schooling	No Schooling
Substance	Sophistcated	Simpler
Motivation/Incentive	Self-Imposed	Pressured
Time Frame	Now	Soon
Benefit (Accounting)	Substantial	Minimal
Risk (Project Failure)	Minimal	Substantial
Subject Matter	Known	Strange

The point is, we may be skilled in enhancing the capacity of Ministerial level people because they are more familiar with are more appropriate to the new situation. Further, as projects shift out of the center the "managers" are no longer the recognized government executives. As we move to cooperatives and traditional groupings the managers to be "enhanced" become diffused. In increasing instances they are the ultimate beneficiaries themselves.

Under this broad area the field evaluation teams should be concerned with the following types of questions:

1. Use and training of local personnel as managers vs. bringing in outside managers trained outside the community.

2. Training before, during, or after actual project experience.

3. General training vs. project specific training vs. management specific taining.

4. Literacy and the question of alternate languages of instruction.

The material appended to this Scope of Work again provides further detail for our evaluation.

5. <u>Contextual factors related to management</u>

We have gone to great lengths to describe core development management questions which are to be the subject of this evaluation. We have indicated our awareness of even broader areas that are external to our present interest. But there are some factors normally outside the boundries of a development project which provide the real world context within which the development process is managed. These may be the specific factors which will help us answer the question raised above, of how to convert "public administration" to "development management". These are factors that project managers can not control but with which they must deal.

In the appended material we list half a dozen such contextual factors that appear immediately obvious. We hope to expand the list and deepen our understanding of each by focusing on this question in the AID/W computor review and by sensitizing teams to look for such factors during the field evaluations. Examples of such contextual factors and assumptions/questions to be considered about each are:

<u>Technological Content</u> - High technology projects requiring advanced equipment and highly trained technicians would probably require more highly trained managers, a more sophisticatd organizational support structure, more efficient administrative processes and be better managed closer to the center.

Cost - More expensive projects which had significant foreign exchange costs would probably require direction at a higher level of government, would require more formal organizational structure and would require more extensive as well as more analytically trained managers. Projects of lesser cost or involving principally exchanges among beneficiaries would probably be better managed locally, following traditional rules of behavior rather than those imposed formally by an outside authority.

Time - Projects which have a long lead-time from investment to return to beneficiary would probably require a more formal institutional structure including written records and formal agreements. Activities with shorter cycles such as an annual agricultural production season would probably be better managed at a more local level, allowing more flexible payment arrangements, simpler inventory/storage methods, and less complicated market/price/transport controls.

Geography - A project such as a road network would probably have to be planned and coordinated by a government organization broad enough to encompass the geographic limits of the network and with sufficient authority or skill to work with the organizations and traditional groupings having some interest in the zone of the road network. Simpler, more informal local level institutions could probably be used to maintain sections of the road within their borders.

Complexity - Simply designed, single function projects such as repair of small farm tools or projects requiring rapid adjustments to local conditions such as weather would probably be better managed at a local level. Projects designed to be directed at the national level or which require more standard rules and regulation would probably require more formal organization, improved administrative processes and more skilled managers.

Socio-cultural factors - Development management, at core, is a human activity. It is exceedingly loco-specific, i.e., applying differently depending upon the stage of development, socio-cultural heritage, even different geo-ecological and environmental conditions. Sensitivity to these differences is important to understand why certain management problems exist and why some interventions are more effective. The concept of advance planning, for example, which the West considers so central to making progress, might be incomprehensible in those societies which may consider it "irreligious" for people to tamper with nature or try to reorder the future. Different attitudes toward public service, nepotism, corruption, etc., make it more complicated for Western approaches to management to be introduced. Understanding local approaches to small group decision making, national voting, the roll of women and children, duties to the aged or to family will help determine

Notes on Methodology

1. Phasing of Evaluation

A worldwide evaluation of development management, even as the subject has been delimited, is a formidable task. It would also result in lessons learned at too high a level of generality to be operationally useful. We therefore consider it methodologically appropriate to phase the evaluation geographically. Latin America is the region where AID has had the longest experience. Asia is where there seems to be some of the better studies on development management. Africa is the region where management problems seem to be the greatest. It is proposed to take advantage of the projects and academic literature in Latin America and Asia to provide us with a background of experience. The first phase of the field evaluation will concentrate in Africa where the lessons learned can have immediate benefit. We propose Latin America for the second phase with a concentration in the Caribbean region.

We would carry out a complete evaluation exercise for each geographic region. This would include field and Washington workshops, (computer based) analytical studies, commissioning of special regionally oriented academic papers, and a self contained final geographic evaluation report. Each geographic evaluation would be carried out in cooperation with the effected Bureau which would participate in the selection of field teams and projects to be evaluated. Criteria for selection would meet each Bureau's unique interest and situation. After all geographic evaluations were completed, we would prepare a final evaluation report to summarize lessons learned from all regions. At that time we would seek broad worldwide conclusions and lessons learned.

2. Prepartory AID/W computor based analysis

PPC/CDIE has created an internal "core group" headed up by a senior Sector Coordinator for Development Management. The "core group" has been joined by representatives of other effected AID offices to make up the "working group". (In the case of the Africa evaluation these representatives are from AFR/DP/E, AFR/EHR, S&T/RD, S&T/IT.) A first action of the working group will be to carry out analysis of data available in AID/W's computer files. The results of the analysis will be background material for the field teams. It will help in the preparation of the Scope of Work, will be a basis to select projects for field evaluation and will be input to the final report. For the evaluation in Africa we will analyse projects which terminated during the nine year period FY 1975 -83, and for comparative purposes, projects which were authorized in FY 1984. After selecting out projects such as Special Self Help, Human Rights, PD&S, regional, and CIP we estimate the universe for analysis to be reduced from about 1,000 projects to about

A detailed project analysis CODING SHEET and CODING INSTRUCTIONS has been prepared and tested for the Africa analysis. The instrument will be modified as data collection continues and after the analysis has been completed. It will be further modified, as necessary, for use in the evaluation in the other geographic regions. Principal data collected will include information on:

- -Background project data such as start and end dates, cost, and functional codes.
- -Project targets in three principal categories:
  - -Population at large,
  - -Organizational cadre, and
  - -Senior managers, executives and leaders.
- -Analysis of principal levels and locations from which the project is managed.
- -The development management enhancement intervention which were originally designed into the project.
- -More detailed information on training as an especially important enhancement intervention.
- -Assessment of projects success and as well as success of the management enhancement component.
- -A listing of development management problems encountered during the life of the project,
- -Lessons learned.

Detailed instructions and contents of the coding sheet are attached to this Scope of Work as is a preliminary proposal of the types of analysis which will be carried out using the data.

2. <u>Criteria for project selection</u>

Impact evaluations seek lessons learned from terminated projects. We noted above that, for Africa over the past 10 years, appproximately 1,000 projects have terminated. With the funds available to PPC/CDIE in FY 1984, we propose to evaluate 6 of these projects in the field. The following are criteria selecting these projects.

a. Africa region for the first phase for reasons cited above.

b. Successful management components in successful development projects. It has been often stated that AID concentrates only on its failures. This evalution will attempt to learn positive lessons by evaluating its more successful projects.

c. Agriculture and Rural Development Sector (ARD). The major thrust in Africa is in the ARD sector - with possibly 60% of Africa's projects falling in this sector. By focusing here the lessons learned become immediately applicable.

d. ARD sub-sectors. In order to reduce the number of variables in the projects to be evaluated, i.e., to permit the field number of subject matters, while focusing on the development management issues, it is proposed, within ARD, to evaluate projects categorized as agriculture delivery services and as training and extension.

e. Management enhancement projects. We will specifically select projects for which the project design paper indicates an awareness that a development management problem exists and that a specific intervention was proposed to enhance the LDC management capacity to resolve that problem. In addition to substantive projects with management components, we will consider projects designed to enhance management capacity in the entire ARD sector.

f. Projects terminated within the past 2 -3 years or ongoing second phase projects where the first phase may have terminated earlier. Because of the special "human" subject matter of this impact evaluation we consider it important to select projects for which particpants with direct project knowledge may still be available for interview.

g. Locally managed projects. We have stated above that the shift in project direction toward the local level may be significant. We will, therefore, wish to select at least some projects at the lower end of this scale.

3. The case approach

The project "case" and a rolling series of "workshops" will be the vehicle for accomplishing this evaluation. If possible, each project evaluation team would prepare a draft case on the project before the team left for the field. The draft case would be the subject of the pre-departure workshop at which all evaluation team members would participate in a preliminary review of the case, relate the case to this Scope of Work and be instructed in evaluation methodology related to the case. In the field, the case would be the basis for the evaluation. Following the evaluation a Mission/GOX/team workshop would be held to review the case before the team returned to the U.S. In AID/W, all the cases would be reviewed by the full evaluation team. The final report for each geographic region would contain the results of the workshop deliberations. The cases would become supporting appendices.

4. Workshops

A workshop on development management in Africa will be held in the United States before the evaluation teams leave for the field. At this substantive workshop knowledgable AID, University or contractor personnel will present papers or lead panels and working groups to advance the state of knowledge of development management in Africa. Workshop participants will help firm up this Scope of Work, sensitize AID top management to questions raised by this evaluation, and brief and build a

Approximately 35 -50 participants will be jointly selected by AFR and PPC/CDIE.

5. Evaluation team makeup and experience

The Bibliography attached to this Scope of Work attests to the volume of studies related to this evaluation subject. One concern beginning to be expressed by the GAO and many in AID has been that outside contractors have had their own fairly developed points of view before they began their work for AID. Although valid for academic purposes, this may have hindered some contractors ability to ask newly relevant questions or synthesize the data in ways not within his previous framework. Therefore, while we will need to have selected outside experts as part of this evaluation, the exercise should be clearly led by, and take advantage of, the knowledge of AID's own professional staff.

We must put together an exceedingly experienced team with an appropriate mix of skills that will work together in a supportive manner. For this Evaluation the following skills will be usefull:

-Substantive skills in the ARD subsectors selected.

-Programmatic skills in AID's way of doing business.

-Development management skills in the core management factors of this evaluation.

-Economist to focus on the macro-economic environment within which the development managers must operate.

-Anthropologist to focus on the socio-cultural impact of project and project interventions.

-Training specialist to focus on the people centered enhancement activities.

-Political scientist to insure that the African context of the evaluation.

-Evaluation expert to insure the methodological competence of the team.

There will probably be 6 teams going on the Africa field evaluations. The composition of each project team will depend on the projects being evaluated and other logistic considerations. The total evaluation team, as indicated by the above skills mix should be involved in the pre-departure workshop and in the workshop(s) preceeding the writing of the final evaluation report. If AID personnel with the above skills are not available, we would then seek contractor participation.

5. Evaluation utilization

Impact evaluations are addressed principally to our fellow professionals in AID. We hope they will consider the lessons derived from the evaluations to be of sufficient value for application to future policies and programs. Those who particpate on the evaluation teams probably gain the greatest benefit from the evaluation. Personnel in the field and in AID/Washington most closely associated with the project will receive substantial benefit. But is that enough? What about the large number of AID personnel who do not have the opportunity to participate in the evaluation or read the reports? What can be done to enhance the value of the evaluation effort, itself, as a learning process?

It is proposed that the geographic Bureau (in the first instance, Africa) and PPC/CDIE combine these evaluations with learning workshops in AID/W and the field to provide a feed-back and staff orientation mechanism as well as to produce a final report. As a first step PPC/CDIE should approach the Africa Bureau and ask them to make a committtment to participate in this evaluation. The Africa Bureau would be requested to become involved in selecting the projects to be evaluated and in assignment of staff to the teams. The Bureau would be asked to work with the evaluation teams to carry out workshops at posts where projects are being evaluated and in Washington using the evaluations as case material. The Bureau would participate in preperation of the Evaluation Report particularly contributing to determining what were the lessons learned. Therefore, for AID, the internal enhancement value of this evaluation exercise will take place as much during the evaluation and before the preparation of any final report.

CDIE/ir/6/12/84

APPENDIX 2

AFRICA BUREAU DEVELOPMENT MANAGEMENT ASSISTANCE STRATEGY PAPER

I. Introduction

The purpose of this strategy paper is to provide guidance to Africa Bureau personnel, field missions, and regional offices in planning for and implementing improved development management for Africa. The paper seeks to assist USAID personnel in the field as well as AID/W in encouraging development management improvement in African countries and in determining opportunities for incorporating development management improvement components in new programs. The strategy deals with a pressing problem in development assistance, i.e., how to use scarce resources efficiently to produce development results. Experience and analysis have shown that improvement of development management is a key area for assistance. African institutions are increasingly cognizant of their needs in management improvement and in some countries eager to take advantage of opportunities to upgrade their development management capacity. The strategy recommends that development management assistance efforts be targetted in major sectors, particularly agriculture. Institutional development, a key area for development assistance provides the basic framework for carrying out development management improvement. Within institutional development, AID places particular emphasis upon agricultural research, extension and training institutions which provide a significant link between technology and improving the productivity in Africa (See Africa Bureau Food Sector Assistance Strategy).

Complementary to this strategy paper on Development Management Assistance, the Africa Bureau has completed a strategy paper for Basic Education and Technical Training, and is preparing strategy papers on Participant Training and Agricultural Education. All three provide guidance for planning, design and implementation of programs in the human resources sector.

II. Development Management Defined

Development management is a process by which resources available to developing countries are organized and used to achieve specific development objectives. As S&T/RD has characterized this process:

> "Management supports the transfer of technology...to LDCs so as to maximize the technology's impact; and management is itself a technology to be transferred

> and adapted to LDC needs. Management assistance helps LDCs to make effective and efficient use of scarce resources, to structure development tasks, and to find ways to accomplish them."[1]

Experience in implementing development programs has shown that good management is an essential element of economic development for host country implementing agencies as well as donors. Efficient and productive management of human and material resources requires the application of appropriate techniques to solving problems as well as the long-term institutionalization of these methods to ensure effective management after external support has ended. U.S. assistance efforts must be sensitive to social, cultural, and economic conditions in prescribing long or short-term management techniques. This applies to effective project management as well as to increasing the capacity of organizations and groups which are called on to manage development assistance in Africa.

III. The Need to Improve Development Management

Development planners have become increasingly aware that inefficient management contributes in no small measure to project implementation failures. The problems caused by inadequate management of resources and activities contribute to the maintenance of a static system which does not allow for organizational change and institutional adaptation to developing country needs. Inadequately trained managers and inability to meet general requirements for good management have resulted in delays in project implementation, poor accountability for funds, short-falls in anticipated project impact, cost over-runs, communication and logistical breakdowns, inability to sustain benefits after project completion and other failures associated with programming for economic development.

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1 "Essential Elements of Development Administration: Considerations for Program Design and Implementation", AID, Bureau for Science and Technology, Office of Rural and Institutional Development, 1983

The World Bank in its 1981 report on accelerated development in sub-Saharan Africa, states:

> Economic progress in any society requires that resources be used efficiently by organizational units in both public and private spheres....

It goes on to say that this also requires that "organizational structures and the important role of management be continuously examined."

AID's focus within the range of possible development management improvement targets is to strengthen indigenous development institutions and foster improved productivity through building self-sustaining capacity in organizations and groups. Two basic needs are thus addressed: improved organizational performance for specific project results and long-term capacity building.[2] These two aspects are closely related and coincide with AID's institutional development strategy which requires careful attention to long-term needs as well as immediate project performance improvement.

Institutional development includes strengthening the sustainability of key sectoral institutions in agriculture, health, and education. The ability of such institutions to provide basic services in areas such as primary education, family planning, and agricultural extension requires building the capability to manage effectively in all sectoral projects, especially those which provide services or technology to rural producers.

In promoting development management assistance, AID and other donors have the advantage of a changing climate in Africa where governments have become more aware of the need for management improvement. With greater frequency, LDCs are requesting workshops, seminars, participant training, and other types of assistance to improve their management capacity. The difficulties encountered in project implementation and instances of project failure coupled with the need to manage scarce resources more effectively have helped to increase interest in management improvement.

There are a variety of conceptual and technical approaches which lend themselves to development management improvement. Choices of techniques should be governed by mutually identified program and institution building needs. Program planners

2. Ibid.

should look for opportunities to enhance development management capacity in design, implementation, and evaluation so that attention to this area becomes a continuous process. An appropriate mix of capacity-building in development management should include long and short-term technical assistance in specific management areas, a maximum of in-country training, short and long-term training, and collaborative research with indigenous organizations such as management institutes.

Regardless of the mix of techniques used to improve development management, careful attention should be paid to cultural and social factors in transferring management technology particularly at the local level. Using locally available management consultants as much as possible will help to ensure applicability and acceptability of the ideas and methods being developed. New adaptations of existing methods may evolve from a collaborative approach which can greatly enhance both host country and donor understanding of the crucial elements involved in building successful programs and long-term institutional capacity. It is important that the local population participate in decisions with respect to the transfer of management technology. Those responsible for planning and implementing projects should have knowledge of local political structures and encourage community participation. Local authorities are likely to maintain interaction with local groups which may be translatable into support for a program or pilot project.

The Africa Bureau Strategic Plan places primary emphasis upon the agriculture sector to improve food production capacity and augment the income of rural producers. To this end, program priorities focus upon "the building of self-sustaining African institutions that provide appropriate technology, in-puts, and services at the time and in the quantity necessary for effective production and distribution of food products; and support for institutional and human resource development programs that provide for greater participation of farmers in the development process."[3]

Development management improvement components in agricultural projects should test new ways to manage programs and create effective systems for service or input delivery. Involvement of local institutions, research organizatons and management institutes helps to build in-country capacity over the long term. In this context, strengthening agricultural private and public institutions is of particular significance for stimulating long-term growth in the agricultural sector.

3. Africa Bureau Strategic Plan, 4 January, 1984

IV. Evolution of AID Support to Development Management

AID has been concerned with improving development administration in foreign assistance programs for over twenty years. Earlier programs focussed on building public administration organization skills in major ministries and Public Administration training institutions through long-term technical assistance and training. In some areas of the world, linkages still exist between U.S. institutions and organizations and the public organizations with which they collaborated. This has not been so for Africa where on the whole AID programs were on a much smaller scale during the same period.

More recently, emphasis has shifted to a broader application of institutional development which takes into account the socio-cultural context of technology transfer as well as the need to involve a multiplicity of institutions and organizations in both public and private sector management improvement. Along with this shift of focus has emerged an appreciation of the complexities of management in the development setting at all levels. As set forth in AID's paper, "Essential Elements of Development Administration: Considerations for Program Design and Implementation," development administration is concerned with sector-specific institutional development, local initiatives, managing programs at the national level and management service institutions.

Development management improvement efforts are a critical dimension of institution building activities (see AID Policy Paper on Institutional Development). They relate to basic issues for most African institutions, i.e., how to use limited resources effectively to administer and implement donor-funded programs and how to build long-term capability to manage development activities.

V. Areas of Primary Concern

A. Policy Reform

Management improvement in Africa must deal with structural constraints to economic development. We must find ways to help LDC's make appropriate changes in the organizational structures inherited from European colonization which have proved inadequate for current administrative tasks. Administrative reform is essential if improved management practices are to take hold. Organizations need encouragement to institute less top-heavy and centralized models whenever possible.

Decentralization which is a policy choice in terms of resource allocation also has important implications in terms of structural change. The improvement of service delivery through institutions may well depend on how the organization is set up. The movement toward decentralization in some African countries reflects the understanding that delegation of authority by the central government has a decided bearing on popular participation in programs designed to promote economic development. Successful development programs depend on the widest possible base of support as close to the beneficiaries as possible. Recent trends toward decentralization in some African countries can be encouraged by providing training for management skills at the local level. The identification of new groups and organizations outside government also requires special management improvement efforts to help these groups implement their own development programs. Projects which provide management skills training for entrepreneurs and private voluntary organizations can help to encourage decentralization and local participation.

B. Alternative Service and Input Delivery Mechanisms

Choices made by users between competing service delivery mechanisms have led some African governments to give serious consideration to private sector service and input delivery mechanisms for the rural areas. These may include non-profit local groups controlled by the beneficiaries as well as informal trade sources or formal entrepreneurial arrangements. The movement away from parastatals as ineffective providers of services is based on a perception of their weak managerial skills and ineffective programs. As private sector services develop, they will require special skills in financial management and program management to ensure successful operation of development activities. Entrepreneurs are increasingly important in rural development activities and will need management training to carry out their responsibilities. The switch of service procurement on the part of users from public to private means will depend on improved service delivery.

Services still being provided through government agencies, such as health care, will need to upgrade managerial skills to meet users' needs more regularly and effectively.

Several health projects in Africa such as the Rural Health Services project in Mauritania, for example, are now providing management skills training as a means of improving service delivery. The regional project, Strengthening Health Delivery Systems (SHDS), is also helping to build institutional capacity in 20 participating African countries. In Zimbabwe, the Child Spacing and Fertility (CSFA) project provides for expansion of CFSA's capability to manage its program. Opportunities should be identified in all types of service delivery projects to improve both project performance and long-term benefits to beneficiaries after the life of the project.

C. Training

The improvement of development management in Africa will require increasingly the inclusion of special management components in new as well as existing projects.

In relation to this, specialized training is a basic need but by no means the sole requirement. Changes must also be made in institutions, systems, and procedures through collaborative experimentation. Training must be carried out in a broad spectrum of skills applied across all sectors, in a variety of cultural and political settings. These needs must be carefully defined to meet both project and long-term institutional requirements in management improvement. The use of long-term, third country, and in-service training should be carefully assessed so that the training component of each project includes appropriate management skills building. Currently in Africa, one regional training project requires at least two courses in management for all long-term participants regardless of specialization (Sahel Manpower Development Project II). Every opportunity should be used to increase institutional capability through the use of African training institutions and personnel.

D. Financial Management

Attention to financial management and accountability, revenue and tax systems as well as structural administrative performance issues is crucial. The Sahel Regional Financial Management project provides for accountability and financial management training in a cross section of projects with local currency accounts. In this way skills are acquired by project personnel in several sectors and with anticipated long-term results. Since AID portfolios for African countries are largely concentrated in the agricultural sector, some residual capacity building in financial management should persist in these institutions after project completion.

E. Resource Allocation

Changes in government policy and structure of institutions to improve development management will of necessity bring about resource allocation implications both for African governments and AID. New program components to reinforce management improvement efforts will require additional funding.

It is important to encourage reforms which facilitate change and lead to management improvement. Institutions which try to improve management and service delivery must have access to sufficient funds to sustain improvements over time and to serve as models.

VI. Application of Strategy to Africa Programs

Management improvement must be encouraged in all sectors, but particularly in agriculture. Development management is a dynamic and not a static activity and it must be carried out on a continuing basis adapting to changes as the process evolves. This applies to development management components of AID projects and activities entirely devoted to institution building as well as to programs for management training. Management improvement comes about as a gradual process which includes learning by doing, introduction and adaptation of technology and the provision of relevant training. It is also a long-term process. Periodic evaluation and assessment are essential to expanding and efficient development management activities. Finally, there is a need to establish sound management practices so that after outside assistance has ended, host countries will have the capacity to continue programs utilizing their own resources. The Africa Bureau Strategic Plan reinforces these themes by underlining the need to create incentives for alternative institutions to manage development activities. This requires management skills improvement in the new areas of emphasis: local organizations and private entrepreneurs. The Strategic Plan calls for innovation to interact with such organizations to meet basic donor requirements and build in-country capacity. The PVO Community and Small Enterprise Development Project being implemented in Senegal is attempting to define new resource transfer and capacity building mechanisms for working directly with rural producer groups.

Africa Bureau will continue to carry out development management improvement in its programs through (1) project components related to management; (2) management development projects and activities within sectors, particularly agriculture; (3) support to indigenous management training and research institutions; and (4) revenue and financial management projects. Such programs in the private and public sectors require special attention to management improvement as well as a conscious effort to recognize organizational weaknesses and take steps through program development to build long-term capability. Otherwise, attempts to upgrade agricultural and other institutions are likely to fail.

The areas of primary concern in management as set forth above, are not necessarily separate and distinct. Moreover, various management improvement techniques may be applied to one or more of those areas. Strategies for management improvement, therefore, are adaptable and applicable to almost all development projects which involve resource management and the need to build in-country capacity.

Some current Africa Bureau projects are targetting special aspects of development management improvement. The Development Leadership Training project in Mali provides for 60 participants and emphasizes management skills development. The Training for Rural Development project in Tanzania has focussed on training and capacity building at the local, regional, and national level. The Rural Management Training project in Senegal provides program management training through a national management institute for practioners working in rural areas.

Training in development management is a prime, although not the only, requirement for improving the manpower capacity of developing countries. Africa Bureau has provided and will continue to provide both long and short-term management training for African participants. Training is important not only for sector specific institution building, but also for the development of private enterprise. Much of such training takes place in the United States, but some is carried out in African institutions (such as ESAMI in Tanzania or PAID in Cameroon). The Africa Bureau has provided and will continue to provide support for training to strengthen local management institutions (faculty and research) as well as to encourage the development of host country technical assistance capacity.

In addition to management improvement for host country individuals, Africa Bureau must also take into consideration its own need for a cadre of technical officers qualified in development management. It will (a) encourage training for selected officers who have some background in public administration/development management; and (b) urge the assignment of one officer qualified in public administration/development management in each of the REDSOs.

Opportunities for training in development management should be made available to qualified AID officers through short-term courses in-house, as well as at U.S. institutions. Such training would help to build up expertise in AID's own ranks and improve AID capacity to manage development programs.

APPENDIX 3

Development Management Evaluations: Africa Region

Implementation Checklist

I. Pre-field

- [ ] Determine/locate all evaluation reports and other documentation which cannot be found in the field.
- [ ] Interview people in U.S. with information on project including AID desk officers, present and former contractors, etc.
- [ ] Decisions on teams division of labor
- [ ] Pre-departure team logistics (visas, etc.)
- [ ] Contractor work agreements (contracts, etc.)
- [ ] Attention to hard to get data: financial information, other donor reports, participant information (PIOP related data).
- [ ] Preliminary in-country travel requirements identified.
- [ ] Decisions on timing of departures
- [ ] Completion of scope of work and finalization
- [ ] Communication of SOW to field
- [ ] Obtaining mission clearances
- [ ] Decisions on logistical support needs (costs, responsibilities)
- [ ] Job descriptions, tasks, responsibilities defined in teams

II. Entry

- [ ] Contact USAID
- [ ] Briefing USAID mission staff on team objectives, etc
- [ ] Courtesy calls on host government
- [ ] Confirmation of in-country logistic arrangements.
- [ ] Local hiring decisions (secretary, chauffeur)
- [ ] Counterpart per diem arrangements

III. Data Gathering/Analysis Phase

- [ ] Data/documentation strategy defined.
- [ ] Decisions on extent of information to be reviewed.
- [ ] Identification of persons to be interviewed.
- [ ] Decision on kinds of interview styles to be used.
- [ ] De-briefing of AID/Host government personnel on regular basis (Liaison)
- [ ] Decision on norms for team meetings
- [ ] Decisions on team meeting frequency, style
- [ ] Planning exit activities
- [ ] Check findings informally with those who know.
- [ ] Translation services identified

IV. Exit

- [ ] Planning/setting dates for debriefing
- [ ] Recognition of host government assistance (letters, personal gestures).
- [ ] Consensus on product
- [ ] Follow-up actions to be taken by AID/W.
- [ ] Decisions on lengthening stay if necessary.

APPENDIX 4

AGENDA

Development Management Pre-Evaluation Workshop
Tidewater Inn, Easton Maryland
September 4-8, 1984

Tuesday, September 4:

5:00 pm: INTRODUCTION AND OVERVIEW, Crystal Room

AID Expectations: Evaluation Overview, Haven North, Associate Assistant Administrator, PPC

Africa Bureau Expectations and Guidelines, Philip Birnbaum, Deputy Assistant Administrator, East and Southern Africa Affairs

Background and Scope of Evaluations, Irving Rosenthal, Sector Coordinator, PPC/CDIE

Workshop Objectives, Organization, and Outputs, Vernon (Bo) Razak

7:30 pm: Cocktails (Cash Bar), Poolside

8:00 pm: Dinner, Colonial Room

Wednesday, September 5:

8:30 am: FACTORS AFFECTING DEVELOPMENT MANAGEMENT PERFORMANCE, Crystal Room

Evolution of Development Management Theory and Practice in AID, Dennis Rondinelli, Syracuse University

10:00 am: Break

Evaluating Development Management: An Introduction to Methods, George Honadle, Development Alternatives, Inc. and Richard Blue, Director, Office of Egypt Affairs, Near East Bureau

Development Management Amid Economic Crisis: The Situation in Africa, Jerry Wolgin, Africa Bureau

12:00 Team Meetings, Crystal, Rose and Colonial Rooms

1:00 pm: Lunch

2:30 pm: Social, Institutional and Cultural Factors in Agricultural Management, Michael Horowitz, Institute of Development Anthropology

Political Fantasies and the Realities of African Management, David Leonard, Univeristy of California/Berkeley

4:15 pm: Break

Disaggregating Development Management, Norman Uphoff, Cornell University

5:15 pm: Team Meetings

7:00 pm: Dinner

Thursday, September 6:

8:30 am: EVALUATING MANAGEMENT DEVELOPMENT, Crystal Room (Followed by simultaneous morning sessions in Rose, Colonial and Crystal Rooms)

Resource Management: Some Basic Tools for Evaluation, Merlyn Kettering, Development Project Management Center, USDA

Identifying Management Processes and Practices, E. Philip Morgan, Indiana University

Managing Sustainable Development: Organizational Linkages and Management Behaviors, George Honadle, Development Alternatives, Inc.

11:30 am: Team Meetings

1:00 pm: Lunch

2:30 pm: Practical Guidelines for Assessing and Explaining Development Management Performance, Janet Tuthill, Management Systems International, Crystal Room

5:30 pm: Team Meetings

7:00 pm: Dinner

Friday, September 7:

8:30 am: TEAM AND WORKPLAN DEVELOPMENT, Crystal Room

Guidelines for Effective Team Work, Bo Razak

Individual and Team Work: Evaluation Goals, Tasks, and Issues

1:00 pm: Lunch

2:00 pm: Developing a Framework for Comparative Analysis, Irving Rosenthal, PPC/CDIE and George Honadle, Development Alternatives, Inc., Crystal Room

4:00 pm: Break

4:15 pm: Workplan Stages and Structure: Pre-Departure, Entry, Implementation, and Exit, Bo Razak

4:45 pm: Workplan Preparation, Team Meetings

7:00 pm: Dinner (The Tidewater's Famous Buffet)

Saturday, September 8:

8:30 am: WORKPLAN REVIEW (Rooms to be Determined)

Workplan Completion and Review

Preparation of Scopes of Work

1:00 pm: Lunch

2:30 pm: Follow-up Planning: Support Needs

3:30 pm: Workshop Review and Closing Comments

4:30 pm: Bus Departs for Washington, D.C.

APPENDIX 5

Development Management Pre-Evaluation Studies Workshop

PARTICIPANT LIST

Workshop Facilitator	Vernon "Bo" Razak Development Alternatives, Inc.
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APPENDIX 6

BIBLIOGRAPHIES

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Bibliography for

Rondinelli Paper

FOOTNOTES

1. This paper draws heavily on revised material from a larger study of development management in AID conducted by the author through the National Association of Schools of Public Affairs and Administration (NASPAA) and sponsored by USAID's Development Administration Division. I appreciate the suggestions by Irving Rosenthal and George Honadle on this version. The opinions, interpretations and conclusions, however, are those of the author and do not necessarily reflect USAID policy.

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