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

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I. FOREWORD

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

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

The most basic conclusion is that management improvement in the developing countries clearly merits high level, continuing attention as a vital dimension of efforts to improve the quality of life in those countries. Yet management should be seen as a means to an end, not an end in itself. In combination with other vital factors--social, economic, and technical--improved management can make a very substantial difference. It is an essential, and all too often missing, ingredient of development efforts.

II. RECOMMENDATIONS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. INTRODUCTION

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

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

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

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

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

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

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

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

IV. ANALYSIS AND CONCLUSIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. A pilot project or projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHAT IS "MANAGEMENT"? *

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

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

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

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

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

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

All organized activities need a statement of

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

The activities require various kinds of

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

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

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

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

Conceptually, then, the action system comprises:

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

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

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

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

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

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

Guidance System

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

Setting Objectives -- policies, standards, norms --

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

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

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

Directing Activation of plans and implementation.

Coordinating

Communicating

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

The Support Systems --

Personnel -

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

Financial Management

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

- Disbursing and cash management
- Auditing and inspection

Material Management (supplies and equipment)

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

Administrative Services

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

Information

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

Delivery System

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

CHARACTERISTICS OF AN EFFECTIVE
MANAGER OR "MANAGEMENT" SETTING*

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

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

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EXAMPLES OF SECTORAL
MANAGEMENT APPROACHES IN DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

In Africa a project in Ghana is underway to provide

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

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

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

U. S. Department of State
Agency for International Development

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

ANNEXES A-C

Washington, D.C. August 11, 1975

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

SUMMARY OF AID INTERVIEWS, DAPs AND USAID COMMENTS

Introduction

This paper comprises the report of that element (the Washington Team) of the Work Group to Review Agency Technical Assistance in Management which undertook the following tasks:

- a. To solicit the observations and suggestions of selected personnel and groups from AID, other U.S. Government agencies, and relevant private organizations.
- b. To summarize and analyse a number of the Development Assistance Papers (DAPs) which have been prepared by the field missions.
- c. To collate and summarize the comments and documents on the subject which have been submitted by the US-AIDs.

It is hoped that this report, in conjunction with similar contributions by the other units of the Work Group, will provide some sound and innovative insights into those basic questions relating to whether and how to expand and improve the managerial dimensions of AID development programs.

It is worthy of note that the more specific comments on various aspects of management were based upon a number of general assumptions which could be discerned in the oral interviews and written material alike. The most significant of these assumptions were as follows:

- a. The era in which the donor countries could, in effect, impose their views, institutions and methodologies upon the recipient nations has passed. Rather, the slow pace of development, the errors of the past, and the realization that there is no single and infallible road to economic progress has led both

donors and recipients to realize that the LDC's should and must have the dominant voice in establishing their goals and in determining which course of action to follow in pursuing them. In short, the basic decisions about development must be made by the host countries themselves since they alone can set the goals, choose the pace and decide upon the degree of sacrifices they are willing to undergo in order to achieve higher economic and social goals. Indeed, the very responsibility that stems from making such decisions and learning from the successes and failures that are sure to follow constitutes in itself a very important ingredient of future development.

- b. The prevailing concept of what constitutes economic development may be inadequate in that it has adhered too closely to economic growth criteria. Many observers now see development as an extremely difficult process which incorporates many interrelated aspects of the human condition--political, social, psychological, historical--as well as economic. To substantiate this view, its proponents point to the various internal problems which have beset the "rich" Western countries, particularly the U.S., as evidence that economic indicators alone cannot serve as a proper standard by which to judge a society's progress towards a satisfactory level of living.
- c. Organizations such as AID, IBRD, the UN, etc., are often too apologetic and tend to deprecate and overlook their considerable contributions to economic development. This is particularly true as it relates to the formulation of the primal theories and practices upon which development is based. Even a cursory review of the ideas and literature that have fueled development efforts clearly show that they originated in the donor countries and then spread slowly but surely to the underdeveloped world where they were often adopted without question. In many instances they were, of course, modified to meet local conditions, and sometimes they were challenged; nevertheless, even then the host country thinkers were reacting in one way or another to concepts developed in the West.

Assuming the validity of this assumption, it is quite likely that if the donor governments and institutions generally agree upon the principle that the managerial dimensions of development programs require improvement, then the host countries will in time not only accept this thesis but begin to design the methodology by which it can be accomplished.

- d. It is essential that AID and similar organizations engage in a concerted effort to dispel the simplistic but widely-held belief that economic development objectives are susceptible to short-term achievement which can be measured by a quantitative yardstick. Such views are particularly apparent in public discussion and consequent legislation and guidelines which regularly impose constraints upon actual developmental measures by insisting upon unrealistic and unattainable standards of achievement. Heretofore, the Agency has meekly submitted to these requirements which tend to distort realistic developmental efforts. Hence, it is necessary to make Congress and the public aware of the fact that economic development is a slow, complex, tortuous process--a continuous experiment--which, of necessity, will be marked by failures as well as successes and which in any regard requires patient and unremitting effort over the long term. Once this essential fact is made clear and accepted, an adequate and realistic assessment of development assistance and the establishment of reasonable goals will become possible.

The above assumptions constitute only a few of the a priori attitudes expressed to us which underlie the more specific points presented in the following three sections of this report. None of these assumptions, of course, are absolute or irrefutable. It is obvious that there is no simple solution to the issues raised herein nor is there any single mechanism or approach that will resolve the many complexities of the problems. Nevertheless, we believe that taken as a whole, these assumptions and our findings as presented below direct attention to the basic issues which must be resolved as a part of improving the understanding and hence the performance of our effort to assist the developing world.

Summary of Interviews of U.S. Government
and Private Organization Personnel

The Washington team interviewed more than 60 persons primarily within AID/W but also including Mission directors in Washington for DAP reviews and officials of other U.S. government departments such as the Peace Corps and the Department of Agriculture. These contacts included people from each regional bureau and functional grouping, senior executives and people with operational responsibilities. This report summarizes candid opinions, but does not judge, nor necessarily endorse, their validity.

Two main messages came through from most of the officials, and the messages were stated with considerable conviction.

- 1) There is a great need for a managerial component to foreign assistance.
- 2) There is reluctance to revive old public administration projects, technologies or institutes.

Management inputs were considered essential. Lack of managerial manpower was considered a major constraint. Attempts to quantify the need only served to push the descriptive adjectives to 'tremendous' or one of its variations.

What was needed was also stated in fairly general terms. There was a need for greater attention to management capability when planning on the part of both AID and host country officials:

There may be resistance on our part. We may not have looked at the management dimension.

We always think in terms of health, agriculture and education; seldom do we think of management. In the Africa region, there is but one business school project and two agricultural management projects.

Basically, we have not looked at management or

maybe we haven't learned to deal with it well. Few people qualify to understand the context of management.

An indication of need came in increasing host country interest in project design, monitoring and evaluation. Pakistan, Thailand and Indonesia have sought this type of training from AID. Another group which was interviewed said, "Host country response to involvement in project planning is surprisingly great. A number of host countries have asked for training in developing logical framework, PERT charts, etc."

Most people who were interviewed hastened to add that they were not talking about a need for Public Administration in the sense of upgrading a civil service system. One respondent described management as requiring "good analysis, evaluation, ability to change decisions, ability to translate decisions into operations, and break down actions for the people who actually do the chore." Other comments were:

Public administration for PA's sake gets you nowhere. It must be tied to something meaningful.

I am skeptical of the benefit of assistance to institutes of public administration; perhaps schools of business administration have had better results.

Those who spoke positively of public administration cast it in these terms:

Do we have in each project a microcosm of the management need of the government, and therefore, need a management project?

The strengthening of public institutions in their ability to provide services to those who have never been covered before means numbers of public service operators to be trained, the materials with which they will need to work, new institutions such as banks, marketing services and cooperatives. Implicit in this is a major problem of organization. There is an unprecedented demand for new kinds of programs.

There was a wide range of management problems and of perceptions as to what was lacking. They ranged from the general to the specific and concerned many different bureaucratic levels as well as management as required by a farmer, a village council or a cooperative.

We must look at what the manager needs to know in order to relate the project with other development factors.

Voluntary agencies need a better perception of management; how to design projects, evaluate, monitor.

We have been talking about projects where an institutional framework exists. Now in non-formal education, it may be easier to bring in managerial dimensions.

Who can we get to analyze the institution which will administer a project? We do a poor job of institutional analysis, i.e., how structure relates to goal. We learn instead things such as how many Ph.Ds they have on the staff.

In Africa, manpower is a major constraint.

We often understand everything except the local system in which the project has to operate. How then can we determine at what points there needs to be an intervention?

Voluntary agencies are marginal - usually thinly staffed around a charismatic figure.

New ideas are not the critical thing but rather implementation skills are needed to make simple ideas work.

Management translates into adequate numbers of (AID) field staff.

We need a better system of monitoring projects so that there is early identification of implementation problems.

AID personnel as well as host country personnel need training in management. The technician generalist was most frequently mentioned as in need of further training. Training needs must cover people other than government officials.

Who is to be trained?

- local government officials
- officers of local coops
- local committees - these are the people who provide the link between the people with the technology and the villagers

In what training context?

- organization
- simple planning
- bookkeeping
- technical information

Our discussants did diverge on whether or not AID had the capability to respond to this overwhelming need for strengthening the managerial component of projects assisted by the Agency. By and large, it was the planner, policy maker, or program officer who felt that AID or its contracting potential not only had the capability but had greater capability than any other donor. It was the technical groups who doubted U.S. capability. Could they have been questioning the managerial capacity of members of their own profession? Or is one group speaking of project design primarily and the other group speaking of a larger management spectrum?

AID's experience with managerial inputs has had mixed results. Successful projects were cited in Thailand, Vietnam, Philippines, Costa Rica, Ecuador, Puerto Rico and Brazil.

One of the projects frequently cited for its success is the Provincial Development Assistance Project in the Philippines.

It has accomplished:

- 1) A close rapport between municipalities,

provincial governments, and national agency programs;

- 2) Planning and management systems within the provinces which includes a comprehensive provincial development plan and "action" budgeting;
- 3) Conscious inspection of the ways in which the province can support national programs in the local areas and vice versa;
- 4) Skills and planning training for provincial development staff and municipal planning coordinators.

The management of population programs in Indonesia and Pakistan which have very broad outreach goals were considered successful because of the leadership in the mission and the leadership in the host country and because of the "consistent availability of resources--not because we took some people and sent them to school."

A management information system which was developed to give complete information on projects of the Central and West African Region was highly recommended for its benefit and simplicity. Similarly, the work of Johns Hopkins in developing health information systems relative to the level of managerial sophistication in the host country was cited.

A problem-solving technique which has met with considerable success in South Asia begins with the invitation to participants to make a complete list of their project problems. These problems are then recast as objectives, listed by priority or sequentially. Besides directing activity toward a stated goal, the problems are most frequently interrelated so that the solution of one problem leads to the partial solution of the next.

An agricultural project in Ghana has just been approved which has management improvement at three levels as its goal:

- 1) MA degree training for high level managers. It is a two year program with the summer spent as

a management consultant;

- 2) One year diploma course for intermediate officials from the provinces. They receive training in both accounting and marketing.
- 3) In-service training of two weeks duration for project or field managers. This training continues in annual seminars.

When the task force inquired about AID's prior experience, we also received responses such as:

The PA training was not hooked into the government system.

The impetus for regional institutes comes from donor agencies not the LDCs. Developing countries want to develop their own capacities. Donors like regional institutes because of the ease of relating to them... they are likely to have foreign management, Western accounting, etc.

We have been more successful in the management of technical projects such as highways and dams.

The subgroup also looked for resources which might be recruited or enlarged to serve pressing needs. In the field of participant training, there are a number of specialized and innovative resource organizations or specialized management courses.

Civil Service offers a two week course in management as an add-on for all participants. Civil Service also has a useful training of trainers program.

A new course in agrobusiness management at Santa Clara was considered innovative and significant.

The American Management Association and the Society for Training and Development are available at present for participant training.

The American Association of College Teachers will help deans, registrars and other education officials

with administrative training and problem-solving.

The Washington International Center gives participants training in project design and management. AID training teams are available to go to the field to do short workshops in project management.

The Government Affairs Institute has a six-week course for managers of family planning programs.

The Bureau of Census has a project referred to as 'Popland'. Participants bring their problems to a workshop which can be run in English, French or Spanish. The participants work on the information needed to make a decision on their problems and learn to design an information system which will get them that information.

The Agricultural Development Council of New York programs for participants.

The MBA programs in agriculture do exist in the U.S. though they tend to focus on agro-industry.

Frequent comment was also made of the management training which takes place during the planning, management and evaluation processes of undertaking projects jointly. The Thai DAP, for example, was done by the Mission and Thai officials.

New consulting firms are developing around foreign assistance and its management problems. Some of them have specialized in certain methodologies such as project design or evaluation or logistics management. Others specialize in sectoral management problems such as analysis for rural sector loans, or health services.

Many useful resources are overseas:

The Inter-American Institute for Agricultural Sciences in Costa Rica is an institution attempting to improve agricultural management and related analytic techniques.

In Thailand, the Nai Amphur Academy trains all officers who are scheduled to work in rural areas.

The Turkish Senior Executive Seminar includes all officials concerned with a sector whether from the Ministry of Agriculture, the Ministry of Finance or Planning.

The Rural Training Center at Alexandria, Egypt is training all personnel of whatever technical cadre working in the rural area.

Provincial management training in the Philippines seems to be of high calibre.

The African Training and Research Center in Administration for Development (CAFRAD) has executive development seminars, workshops for training directors and is beginning training in project design and management.

The Pan-African Institute for Development (PAID) is located in the Cameroons. It offers a two-year course for middle level staff in regional and community development and cooperatives.

In considering potential resources, the response was not totally positive.

Do we have anything special to contribute? Our performance in the past has not been too good.

Skills available in the Agency are not sufficient to do the job.

The problems which have been encountered by the Agency in trying to fulfill managerial needs could be divided into constraints within the host country and constraints within the Agency.

Mission and host country resentment of add-ons to participant training.

Administrative structures are centralized, autocratic. "Never has been a problem-seeking governmental structure."

Where projects deal with human resources, there is more host country resistance.

Is there something called management which is culture free? Is it perhaps country specific?

Usually too few people are capable of absorbing the training. (Comment on the least developed countries.)

Need new kind of degrees to mix technical and managerial training.

The size of the monitoring job: millions of contraceptives; thousands of outlets.

RLDCs and LDCs are more interested in grants for training than in loans.

The project often comes to AID after the host country is convinced that it is feasible. Planning should be part of the technical assistance; not an obstacle to project approval.

You can't affect the Ministry of Finance unless the rest of your inputs are like life and death to the country.

The problem of maturation and experience of personnel which must follow their training.

Constraints within AID or with the Agency's resources were given:

Development Administration in TAB has gotten into very complicated systems work - too complicated.

AID technical people are not qualified to manage.

Very few projects go beyond a description (in original context means does not examine management capacity).

We have not excelled in helping the small farmer in our own country.

Few universities focus on management as we would wish.

Among the conditions precedent are the host country's personnel and ours. Do we have the personnel to handle this? The counterpart system is inadequate; we must always deal with many people.

The Sahel buildup of programs went on for 18 months without changing the AID staffing pattern.

AID/W resource people who are doing problem analysis are doing it in American terms.

We aren't ready yet for regional planning. (infer- ring we don't have the experience or the resources.)

We have a shortage of managerial talent in the U.S.

Our priorities are not consistent with the number of people we have to do things. We send out guidelines to do an education sector analysis. There is no one to do it.

How do we assess management capacities?

Our limited understanding of their agonizingly limited options.

There is no document which identifies appropriate training strategy for the 70's and 80's.

Countries need to be able to depend on AID to carry through on a program or strategy for more than 2-3 years.

AID was not the only donor agency considered dysfunctional at times.

Some international agencies put all the money they can get into personnel. They send out technicians without adequate resources. They become kibitzers.

UNDP - current reorganization an encouraging sign.

International Agency project designs are sometimes on the soft side and lack evaluation and audit.

By comparison with the spate of comments on need and past experience, the people we interviewed had relatively few recommendations. Many of the recommendations were related to training:

Prefer indigenous training establishment, probably a university. This, rather than participant training, is self-perpetuating.

Might arrange to have courses for AID project managers and host country managers.

Project officers should be able to give such technical assistance.

Might be useful to send some of the RLDC personnel to training programs in LDCs since they may be more akin to their own situation.

They need a continuous system of this training.

What about some of the training undertaken by the private sector, Hilton, Shell, shipping?

A training policy for management; from the top down and the bottom up.

Prefer in-country training.

Project design and the need for sectoral analysis was high among the recommendations:

AID assisted projects would be more effective by improving design.

The AID Mission should give a frank statement of their own capability.

It would be useful if the donor community could agree on the logic, if not the format, of project design and could speak with one voice in development administration training.

Build a management system or sensitivity into every project we assist.

Statistics help people figure out what their problems really are.

Do not focus on the final design from the outside.

A planning team to work 2-3 months with the host country.

Management should appear in the logical framework as an input not as an assumption. (We never proceed to test the assumptions anyway).

Again, the recommendations tended to denigrate public administration:

Managerial inputs only make sense within development sectors rather than overall PA projects.

We certainly should not be thinking about reviving the old PA field.

There was frequent expression that when host country commitment was high, they managed well.

Summary Review of Development Assistance
Program (DAP) Submissions

Of the twenty-four Submissions examined, there were thirteen which represented the "Relatively Least Developed" Countries (RLDCs); eleven of the DAPS pertained to the "Less Developed" Countries which are somewhat more advanced, but still in concessional assistance ranks. The key sectors of managerial concern related to Agriculture and Rural Development, Health and Family Planning, and Education and Human Resource Development and other activities which affect the poor majority target group.

There is general agreement among the USAID Missions that the major constraint to the "success" of development projects is managerial and not technical. The DAP submissions reflect numerous managerial problems that are quite common from LDC to LDC and RLDC to RLDC. The problems, however, do differ in degree from country to country.

The Relatively Least Developed Country (RLDC) Management Problems.

One Mission summarized the management as a major constraint to basic development planning in this manner:

"In developing a proposed US assistance program, it should be recognized that the lack of a data base, the primitive state of the development institutions, the lack of knowledge about the interaction between them, and the fragmented nature of the society all point to the need to deal in probabilities without attempting to relate project activities precisely to basic goals."

These conditions appear to be prevalent among the RLDCs due to the lack of adequate administrative and management institutions and skills to plan, administer and implement government policies. The existence of traditional attitudes that impede effective administration, and the lack of organization, systems and skills make it difficult to implement government policy decisions and programs aimed at the achievement of national goals. There are blind spots in the perception of development

management needs, as well as the overall development processes. One of the RLDC Missions explains this lack of appreciation of the management dimension as follows:

"This situation is partly due to a lack of familiarity of key government officials with the dynamics, full range of responsibilities and technical aspects of the departments in their charge, partly due to a feeling that enough personnel do exist and partly with a preoccupation with physical and construction programs on the tacit assumption that the foreigners will take care of the problems of making it run."

The management problems are magnified when viewing the sectoral dimensions of the problems of agriculture and rural development which critically affect the poor majority. One RLDC agriculture sector assessment highlights the manpower constraints at several levels -- the farmer/laborer, the semi-skilled technician, the professional workers and the manager-entrepreneur:

"While the individual farmer is a hard worker, his labor efficiency is extremely low in terms of output per hour of labor. This is primarily because much of the labor is 'non-productive', but essential for life, ... at the next level of the agricultural hierarchy, there is a lack of semi-skilled technicians to service the needs of the farmer, i.e., the agro-businesses, cooperatives and extension. There is also a lack of trained professional workers to assume responsibilities in research, teaching and government service--and within this cadre of workers, there is a lack of managerial ability to operate efficiently the various government agencies, agro-businesses, and cooperatives for which they work."

The managerial problems of different sectors, especially the priority sectors of Agriculture, Health and Education were not too dissimilar within the two categories of developing countries as observed in the DAP submissions--that is, between the RLDCs and the LDCs.

The Less Developed Country (LDC) Management Needs.

When reviewing the LDC DAP submissions, there was strong evidence that characterization of this group of countries

is difficult since it includes those countries in the intermediate stages of development as well as those developing countries about to leave concessional foreign assistance ranks.

The review of DAPs in this category of countries revealed, however, that there were streams of development change that have contributed to socio-economic changes, some more spectacularly than others. These include such changes as the degree of literacy among the population, the increases in agricultural production, trends in income distribution, reduced population growth, the expansion of the infrastructure and other factors that might provide a clue to the potential for and/or constraints to expanded management development.

Based on this review, there is need for substantial managerial input in sectoral planning and the implementation effort. While strides have been made in this area among the LDCs, especially where there have been schools of public and business administration, there are still qualitative constraints with regard to managerial-administrative expertise in both public and private sectors. The general scarcity of entrepreneurial and management talent is considered the most serious manpower constraint affecting this group of countries. This constraint, of course, varies in degree from one country to another. One DAP states: "There is another dimension to the overall problem that also requires attention -- the organization and approach of operating ministries vis-a-vis all their programs. This entails such things as management and budgeting by objectives, systematized reporting and information exchange between the 'center' and the field, personnel supervision at all levels to achieve clearly defined and understood objectives, and procurement, manpower and financial systems which can ensure availability of all essential inputs at the point where they are needed, whether for recurrent programs or development projects."

One mission observes that, because of limited or inadequate host country organizational and managerial skills, development projects are often considered "add ons" to existing programs. There is a growing awareness within the intermediate and relatively advanced countries that important public administration/management needs remain unmet, and approaches to USAID on this subject have been made in

a number of cases. The "block grant" approach to the host government, in one proposal to a presidential office, would a) finance training in management-related areas, and b) provide management assistance to a particular ministry, for example the Ministry of Health (MOH). Such an effort would seek to alleviate MOH managerial problems and increase efficiency. The mechanism for carrying out such a scheme was not clear. Based on the review, an expanded managerial input would be needed in the public sector, particularly in the productive sectors which carry the burden of sectoral strategic decision making. This is considered a factor inhibiting the absorptive capacity of the agricultural sector, according to one of the LDC World Bank reports. It is also one which limits the ability of a Ministry of Health to implement new efforts in rural health and family planning and of the Ministries of Finance and Planning to oversee the carrying out of national rural development plans.

The rationale for U.S. economic assistance in the advanced LDCs and the strategy and programs which that rationale dictates is similar to that for RLDCs. The focus is on external assistance that will particularly benefit poor people. There are local development projects, ongoing and under consideration, which seek to benefit rural dwellers--the poor majority--through activities designed to strengthen the capability of provincial and municipal levels to deliver benefits to the rural poor. "... There are two key indicators of the success of these efforts," according to one of the DAPs, "namely, that there will be acceptance of the project management and development techniques..." Secondly, that there will be "... the subsequent adoption by all provinces of the Provincial Development Assistance Project (PDAP) development planning, fiscal administration and management methodology..."

Here, as elsewhere, the emphasis is on management training of provincial officials and technicians. Expanded roles for local governments could fill voids between ongoing national programs and the existing needs of the rural poor in the current priority areas of developing countries. Without this intermediate level they are not likely to be reached by the national programs for an extended period of time.

Typical Managerial Shortcomings

Among the more prevalent of the managerial shortcomings observed in the DAP submissions are the following:

- Lack of leadership at all levels
- Outmoded concept of management
- Little initiative for management improvement
- Managerial improvement should reach every managerial level
- Non-visibility of the development process
- Few decision makers are familiar with sector survey and analysis
- Low public revenues and continuing deficits
- Tax base to GNP ratio is low
- Overall budgeting constraints
- Earmarked revenue receipts and outside "budgetary pockets"
- Weakness of government at all levels
- Inadequate management systems
- Internal organization is divided into an excessive number of operational units
- Limited manpower availabilities and capabilities to carry out expanded programs
- Low government salaries
- Social perception of employees, even menial employees; "hired not to do a job, but to fill a position"
- Lay-offs rare in slack period in both public and private sectors

- Under-utilization of trained cadres
- Decision-making is concentrated at the highest level
- Different donors' processing and reporting requirements impede coordination and utilization of aid.
- Duplication and overlapping responsibilities
- Haphazard data gathering, record keeping and compilation of statistics.
- Lack of sense of common purpose
- Poor marketing system hampers increased production
- No short term or "gimmick" solutions to management problems.

This list could be considerably extended. Underlying reasons for some of the shortcomings are explained in the DAPs. They include the following:

Political/Bureaucratic Factors:

- Bureaucrats are reluctant to make decisions which may be used against them to make them a "scape-goat"
- Trained and experienced personnel are often "left at home" or placed on the shelf -- a form of domestic exile
- Discontinuity of personnel in the high-ranking positions
- Political uncertainty makes for very cautious bureaucrats
- Ministers are reluctant to delegate authority; they spend excessive time on detailed chores
- Often the system acts punitively against those who make errors of commission but inflicts no

such penalty for inaction.

Cultural Factors:

- The ethic of individual responsibility and initiative is not highly developed in RLDCs and LDCs
- Authoritative decisions and instructions flow from the top down
- There are strong reciprocal obligations among members of the extended family and family obligations require that sharing of income and opportunities be given a very high priority. This allegiance may often dampen initiative.

Summary:

All sectors, including agriculture, health and family planning and human resources development are affected by severe managerial defects and problems. Inadequacies or voids in the managerial dimension are often cited as the most serious obstacles to economic and social development. Some countries voiced a concern for limiting managerial assistance to the sectoral approach as certain managerial problems have their roots outside a given sector, for example, in the ministry of finance. Many recommended that in-country management improvement approaches reflect actual local conditions and not purely US approaches.

The management problems of development assistance have been well documented. Not so the solutions. However, the comment in one sector planning report may be of interest for LDCs and donor organizations:

- "More attention should be paid to the probable relationship between benefits and costs when projects and programs are being formulated.
- Acceptance of foreign financial assistance should be considered along with necessity for improved management, particularly at the project level."

In line with this thinking, a cross section of the DAPs

propose that, should AID decide to undertake efforts in the management field it should be for a limited purpose: To improve the developing country's ability to plan and implement development programs. Care in the design of such assistance projects in the administrative/management area, according to one DAP, should ensure adaptability to suit the host country context and a high degree of reliance on local and regional institutions as sources of expertise and training. Without charting a very specific course of action, there were suggestions that AID should be flexible and creative in such assistance efforts.

AID Mission Responses to Request for Information
on Assistance for Improved Management

Opportunities and Constraints

Universally, USAID Missions welcomed additional attention to the managerial dimension in AID projects and programs. There is a considerable degree of common opinion regarding constraints, at least in general terms. The opportunities, in terms of host country receptivity and desire to use modern processes and methods, are far less clear.

A lack of trained managerial manpower was referred to by the various Missions as: "... the critical constraint to development..."; "... one of the biggest factors impeding development..."; "... a major constraint to accomplishment of goals set by the LDCs..." Some Missions pointed out that there are considerable numbers of trained administrators at the top levels of bureaucracy, but a dearth of trained middle managers. In addition to lack of numbers and distribution of trained personnel, an important constraint is the existing mindset toward management which has been characterized as legalistic and protective rather than expansive and dynamic.

Related to the lack of manpower is the view that the need for manpower still far exceeds the institutional ability to produce managers. While most caution against a return to institution-building in the traditional Public Administration sense, there is demand for a new approach to the creation of training and applied research and development institutes, particularly in the least developed countries. Success of long-range, sophisticated programs such as agricultural commodity action systems and networking depends, it is argued, on a management infrastructure. For this reason, one mission states: "... the place to begin a management improvement program may be first in dealing with the human, technical, and organizational problems of individual organizations and doing some very specific things (e.g., organization structure, staffing, job design, management information systems, communications channels) that meet immediate needs and impact quickly prior to or parallel with undertaking major longer-range programs..." Of particular concern to some is the inadequacy of training that is project-oriented in the sense of identifying, preparing,

implementing and evaluating projects.

It is also cautioned that there must be a concern with organizational structure concurrent with manpower development and institution-building efforts. Inefficient and ineffective bureaucratic organizations thwart the potential of trained people.

Opportunities for removing constraints are a far more difficult matter. In some countries/regions the institutional base for training is strong or can be changed from its traditional focus; it is stated that in Central America, the Central American Institute of Business Administration (INCAE) has the capability to make top-quality input in both private and public sector management improvement. In another country the institutional base does not exist, and it is questioned whether the numbers of trainable manpower are adequate. One target of opportunity that may have somewhat universal application is greater attention to the development of a consultancy capability. One Mission notes that there is a growing feeling that a consultancy approach is the most efficient way of transmitting management concepts to those with operational responsibilities. It is clear, however, that because of the stage of development, composition of the population, cultural characteristics, religious taboos and other considerations, there must be both sensitivity and flexibility within AID programming in order to capitalize on targets of opportunity as they arise and are identified.

LDC Needs in Development Management; Effective Demand

General:

Little differentiation of needs by sector was evident in messages from field missions. Indeed, the general opinion was that many managerial problems cut across sectors and have their origin outside any given sector. For example, one view from a "least developed country" holds that the basic problems arise from bad education and that the long run resolution lies in a wholesale reform of the education system. Representing the view that improvement models are applicable to more than one sector, another mission suggests its agricultural management development training project as "a model for improvement of management in any sector." Needs in the agricultural sector

are referred to more often than others, but this seems to reflect the focus of country programs rather than a judgement of relative need among technical sectors.

Relatively Least Developed Countries (RLDCs): Messages from the RLDCs strike several common themes: Managerial improvement programs must start where the RLDC managers are and reflect local conditions. Locating qualified candidates for training in the U.S. is a problem that could be partially dealt with by an increased focus on in-country training of trainers and new initiatives in utilization of third country training opportunities. A continuing concern and need is for strengthening in-country administrative/management institutions and the development of such institutions where they do not exist. Project goals should be related to an improvement in managerial and administrative structures. There is still great need in some countries for a central entity to provide leadership and continuity for development programs. Even though needs are similar to those experienced several years ago by the now relatively more developed countries, it is cautioned that the answer does not lie in a return to traditional public administration programs which focused primarily on central service units of recipient countries.

Intermediate and Advanced Assistance Countries: The diagnosis of needs in the intermediate and advanced assistance countries is clearly different from that of RLDCs. One advanced country states that there is no need for public administration institution-building type programs, but that a critical need does exist for the development of a thorough project analysis capacity. This need is echoed by other missions that point to a lack of ability to bridge the gap between plans and implementation of projects and a failure to link all elements of the managerial process. It is noted that while a relatively highly skilled cadre of top managers exists in these countries, there is still a critical skill gap within the ranks of middle management. Two other points deserve note: 1) in diagnosing needs, missions should be aware of incentive systems which may force dysfunctional behavior that obscures managerial talent; 2) one need is for managerial training that focuses on an ability to handle uncertainty.

USAID Programs With Managerial Impact

A review of programs cited shows a definite shift in emphasis from programs which have management improvement as the output to efforts in which management is worked into sectoral programs so as to give it a substantive context. An advanced country mission describes an integrated approach to assistance in the agricultural sector aimed at improving agriculture policy formulation, procedures, programs, project design, public administration and execution. An increasing realization that management of work is as important as technical skills coincides with efforts to integrate the technical and managerial dimensions of current programs. A few Missions have moved to build a training component into all assistance activities. The initial results from this relatively recent shift in philosophy and methodology in technical assistance in management are encouraging, but limited to a small number of AID recipient countries. While most can easily point to failures of past traditional public administration programs, few missions have moved in a dynamic way to deal in non-traditional ways with the demands related to deficient managerial capacity -- demands that represent a critical gap in the development process.

Institutional and Training Strategies to Benefit LDCs

Country Level:

Programming in the RLDCs seems to be aimed at building up managerial skills through generic discrete activities, i.e., a "Training for Development" project and a "Supervisory Management" program. In more advanced countries, the institutions can address the more difficult task of combining managerial and technical needs in single programs. But whether the focus is on managerial skill development or on the integration of managerial and technical concerns, a strategy that is advocated by a number of missions is one that capitalizes on local and regional resources. One mission, for example, plans to shift focus from US training to in-country training to develop managerial and planning capability. The conditions for success of such a change are reported to be training programs that: 1) are conducted top to bottom in one organization; 2) are by and for the organization; 3) start at the top;

4) are experimental; and 5) identify specific results to be expected that can be evaluated. In the same vein, a Health Management Project is proposed that could utilize local institutions as the major source of expertise and consultancy.

An additional training strategy cited by some missions is to further concentrate efforts in the key sectors of AID involvement in order to give more attention to problem identification and resolution in on-going projects. An example is a proposed rural development management project that would be aimed as surveying and analyzing critical management processes as a basis for conducting pilot in-country skills development programs. Such proposals note the need to combine management assistance with technical inputs. A caution to such in-country efforts is voiced in terms of the need to distinguish between the transferability of impersonal techniques of management and interpersonal/cultural processes.

Participant training in the U.S. is still seen as a critical need in some areas but continues to be plagued by the organizational and geographical dispersion of talent, once such training has been completed.

Several missions note the need to provide more management training as a component of programs for participants. Additionally, it is suggested that such training could often be more relevant if conducted in third countries rather than in the U.S. Indeed, one mission views third country training as the most promising approach to management development.

Regional Institutions:

Greater utilization of regional institutions such as the Pan African Institute for Development (PAID) and the African Centre for Research and Training in Administration for Development (CAFRAD) in Africa and INCAE in Central America is encouraged by a number of missions. One suggestion is that PAID could be used not only for client training but also as a resource base for implementing training in the management of technical assistance on a broader scale. Initially established as an institution

to meet mid-level manpower needs, recent AID grants to PAID have been aimed at creating centers for project design and management and applied research. PAID now undertakes the evaluation of AID-funded projects.

A detailed proposal to provide assistance and encouragement to the establishment of regional management servicing centers is offered that would concentrate upon applied research, materials development, identification of key regional resource people and the mobilization of a regionally targeted consulting capacity. Key to the idea is a concept of technical support that would in no way be competitive with national institutions. Such centers, developed on a multilateral basis, would have as a major activity the development of core training modules which could be adapted and expanded upon by multi-national teams brought together by a given servicing center.

In addition to AID-sponsored or assisted efforts, a number of initiatives to use regional approaches for maximum utilization of resources are being taken by the LDCs on their own. For instance, it is suggested that a February 1975 meeting of National Institutes of Administration of the Entente States of Africa could grow into further cooperation and possible regional assistance in management training.

On the other hand, caution toward regional approaches is expressed by some missions. One response expresses doubt about general application of sectoral or systems approaches which are not developed for specific country situations.

Collaboration With Other Donors

Cables seem to indicate both by omission and by direct statement the low level of collaboration between donors that exists at the field operational level. There is some indication of information exchange but little evidence of complementary programming. Yet, both in terms of policy direction and operational activities, donors seem to be moving toward similar priorities, i.e., an increasing focus by Ford Foundation on the development of consulting capacity, and a greater concern by most donor organizations with manpower studies and other applied research on the "soft" side of the development process.

Summary

The LDCs' basic and fundamental requirement for management development and training is recognized by missions around the world. Past programming to meet these needs has been disappointing because improved management was viewed as an end rather than a means in the development process. The case for a reordering of the means/end sequence is concisely stated by one mission in its appeal for management to be "treated as an essential means to the more effective transfer of relevant resources, particularly to rural areas, but not as an end unto itself."

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

Survey of UN/Ford/Rockefeller Management Assistance

To acquire from United Nations; Ford and Rockefeller Foundation officials background information, lessons from past experience, data on ongoing and planned activities, and their perception of future needs relating to the administration of development, a sub-group visited New York February 10-14.

A number of observations during the visit, based on recurring comments from the officials contacted, suggest tentative conclusions as to what recent UN experience demonstrates:

1. There is adequate perception on the part of most countries of the essential role played by administration in development efforts; awareness exists generally within the UN system of the need for additional emphasis. How best to achieve such emphasis, however, continues to elude the experts.

2. Past UN efforts have not greatly helped to produce either the quantitative or qualitative improvements desirable, despite expansion of resources and experts assigned (on the order of 10% annually) in the identifiable pertinent activities.

3. The UN (and its specialized agencies), considers itself to be the responding collaborator in technical co-operation dealings with developing countries. Despite welcome recent improvements relating to the country programming exercise and decentralization, unless a particularly energetic resident representative combines with a favorable situation in the recipient country, assistance efforts tend to be fragmented and scattered. Anything resembling sectoral concentration is infrequent.

4. Increasing frustration is sensed with regard to the utility of broad, general administrative improvement

efforts and the use of long-term resident experts. There is clear sentiment in favor of more specialized projects employing short-term advisors, contributing more directly to program implementation.

5. Success has been much greater in the more restricted technical fields such as meteorology and civil aviation than in areas dealing with social issues, at least partly because the size and nature of the UN inputs are clearly more commensurate with needs in the case of the former.

6. Regional and national institutes to train public administrators are considered to be less useful instruments than formerly believed. Courses have often been too general, nonanalytical, and insufficiently adapted to the culture of the users. Several officials indicated a continuing need for traditional skills training, but appeared to favor emphasis on an in-country, in-service approach, connected with specific management requirements and emphasizing applied problem-solving techniques. Use of business administration, agricultural, and health schools is suggested for this purpose.

7. Employment of the expert-counterpart technique is also considered outmoded, both because its multiplier effects are limited as opposed to a broader institutional linkage for expert services and because of a frequent lack of continuity in host country personnel assignments.

8. The rapidly rising costs of UN services, both through regular staff and contractual services, limits the UN's capabilities to expand assistance delivered, interfering with recruitment and causing delays. Use of regional advisors (such as in data processing and training of trainers) and specialized teams is looked upon as a useful device to provide services quickly and efficiently in some situations, although other assignments will require greater knowledge of host country conditions.

9. The UN makes little effort to assess the administrative capacity of recipient governments and agencies as a part of project design and review, but recognizes the merits of building this into the programming process to the degree country sensitivities permit.

10. While attention to implementation of programs and management implications thereof is growing, there is less than adequate evaluation during and after project completion. The need for systems permitting "mid-course corrections" is being recognized by the recent implantation of tri-partite reviews among the host country, UN and project manager.

11. The growing importance and complexity of public corporations is widely recognized and response to country requests for administrative help has grown in this regard, but not sufficiently to meet existing needs and opportunities.

The following proposals should be supported:

1. Further refinement of the country programming system, tripartite reviews, decentralization, improvement in the quality of field direction, etc., to permit greater concentration on priority objectives in assistance to host country management improvement efforts.

2. Increased presence in the top staffs of major specialized agencies of US personnel attuned to the need for emphasis on improving administration, with consideration to adding an individual to the USUN Mission to involve himself more directly in management-related areas of UN programs. While only adoption of recommendations like those contained in the Jackson "Capacity" report offer much promise of resolving the basic lack of a common or coordinated focus in UN-provided technical cooperation across the board, a greater U.S. presence of well-chosen people could help to insure wider appreciation and attention to the management dimension in development.

3. Increased efforts to redirect UN resources to management requirements generally, with specific emphasis on "targets of opportunity" in priority development areas which combine political acceptability and a ready receptivity to technically possible and economically feasible management improvement. Preference should be given to specialized assistance activities within established institutions where the inherent limitations in any kind of technical cooperation still allow meaningful progress.

4. Encouragement of greater UN attention to public enterprise management, the administration of judicial systems, regulatory agency activities, environmental protection, population programs and similar areas where sensitivity to multilateral assistance is presumed to be less than to bilateral, or where experience in the rest of the world is more appropriate to LDCs than our own.

5. Building in a management assistance competence in the regional economic commissions seeking to better relate the planning and implementation facets in national and regional development programs.

As regards improved assistance efforts in the administrative area by all donors, the following points emerge from both the UN and the Ford and Rockefeller Foundation contacts:

1. Time is the most inflexible variable in designing and implementing assistance programs. Cultural and other factors limiting the rate of change in administrative areas seriously restrict the velocity of improvement, suggesting that targets be modest and practical.

2. Most officials in the UN system and the foundations note a growing resistance in LDCs to "learning from abroad", suggesting that the old approaches to technical cooperation have become outmoded. Techniques such as short, high-level meetings of administrators with shared problems, within and among the LDCs, and "twinning" well-managed institutions in one country with new institutions is another, appear worthy of further attention.

3. Some attention continues to be required to the central staff services of personnel, budget, accounting, procurement, etc., but greater priority is due the research and training necessary to implement complex, client-oriented programs to deliver basic government services.

4. The focal point for planning and delivering Aid in administration must be in the field -- with the host country. All donors should strive to expand on recent initiatives such as the UN's "approval in principle" of projects based on a short description, and also seek to reach Ford's continuing extensive level of delegation to field representatives.

5. Major development projects assisted by donors and lenders should require feasibility studies extending beyond technical and economic viability in the usual sense, clearly identifying and responding to criteria of organizational and management feasibility.

6. There is considerable room for greater interchange of knowledge and experience among the donor agencies, with opportunity in some countries for a more formal consultative group or consortium arrangement to insure a more complete, balanced effort to help countries resolve administrative deficiencies, while avoiding some of the sensitivities attaching to a purely bilateral approach.

7. In connection with the above, work should be sponsored, preferably jointly to:

- a. Develop guidelines and methods to better incorporate the management component in sector projects, running through the process from design to evaluation;
- b. Identify and determine availability of specialized, highly qualified experts both in the developed and developing nations to serve as a continuing inventory of talent which can be tapped quickly by the appropriate donor or using country;
- c. Survey the major existing regional and national training institutions in the developing countries to determine priorities for continuing assistance and modification as required to enable them to engage directly in programs to improve project design, implementation and evaluation;
- d. Assess current ongoing and planned research in management for similar purposes;
- e. Expand specialized participant training opportunities.

8. Furthermore, difficult as this may prove politically, attention should be given to the possibility of agreeing on a specific, limited number of countries among the most ready and needy, to concentrate resources from

several donors, on a multi-year basis, to serve as a laboratory and model for what can be achieved in administrative improvement through a concerted, adequately financed and staffed technical cooperation effort.

Summary of the UN's Perception of Issues and Management of its Response to Technical Cooperation in Management

A. General Perception of the Problem

1. Despite a generation of assistance to the developing nations there is widespread concern for the pervasive lack of management capability for development. As one senior U.N. official stated, "...we recognize that the problem of management and organization is critical in the LDC's but it is difficult and complex, and we are still struggling for solutions..."

Although there is much dissatisfaction with the lack of implementation, inadequate project performance, and many of the traditional responses, such as institutes of administration, no consensus as to a "best" or "desired" approach emerged. UN people appear to be wary and skeptical of easy solutions. After failing to achieve any profound impact on the managerial problem in 20 years, officials are understandably pessimistic about achieving quick results.

2. Most officials argued that the potential scope of remedial action cannot be confined to programs of technical cooperation in public administration and finance. The dimensions of the problem are broad and complex and need to be addressed throughout the UN system. The spectrum of solutions should include:

- a. Efforts to manage better specific sector program and projects, including those of FAO, WHO, other specialized agencies, UNESCO, and the Regional Economic Commissions. Also,
- b. The organization and managerial effects of the UN system in key areas such as country programming, staffing, training, decentralization, widening the management information service and evaluation systems, and extending use of tripartite reviews (UN, project manager, host country).

3. The past, present and future activities of components of one part of the UN system, principally those of the recently fused Division of Public Administration and Finance, are described in a UN Secretariat Document (ST/SG/AC.6/L.15), issued January 15, 1975. This report on "Public Administration and Finance for Development" covers in some detail:

- a. Recent changes and trends;
- b. Progress on UN programs, 1971-74, and
- c. The future work programs of the Division.

This new and comprehensive report should be reviewed for more detail covering what is summarized below for purposes of the present inquiry.

The report notes that obligations of over \$6 million in 1973 were double those of seven years before and that more than 450 experts were now field-assigned in 62 countries and six regional projects, compared with only 266 in 1971. Participant training increased over the same period from 250 to 460.

The report also summarizes a number of trends discernible in the changing needs of developing countries for international assistance in public administration:

- a. The demand for technical cooperation is expected to continue to grow.
- b. Differing country needs indicate an increase in the variety of services expected.
- c. Multi-faceted projects are growing faster than single-faceted.
- d. Institution building projects are becoming more common.
- e. Developing countries are showing greater interest in developing public administration systems especially suited to their milieus rather than simple transference of management systems and methodologies from other countries.

- f. Administration of sectoral and program levels is becoming the focal point of concern -- as opposed to the central agencies.
- g. Continuing education in public service is widely accepted and demand is growing for high-level institutions to meet the management development needs of senior administrators.
- h. Technical cooperation is increasingly sought in the framework of national development plans.

The report also reflects a consensus of opinion in UN circles that real measurement of the role of public administration and management in achieving development objectives is extremely difficult if not impossible. This derives from the fact that the management variable cannot easily be isolated from the other factors upon which progress depends. Criteria for measurement, it notes, also are difficult to prepare because of great variance among countries. Despite this recognition that precise measurement of the importance of management is not now feasible, there exists a universal sense that management shortcomings are among the most critical roadblocks in accelerating development progress. Developing countries themselves are showing increasing concern over the adequacy and orientation of their public administration systems in relation to national goals and objectives. While national development considerations have tended to spur administrative improvements, development planning has not necessarily been used as a specific frame of reference for administrative reform measures. Public administration has tended to remain a static system with improvements limited to expansion, nationalization and reorganization rather than focused on adaptation to meet new concerns and roles.

Many developing countries are now considered, however, to be ready to place administration in the mainstream of development. Basic structures have been created in most countries of the world. Experience has been gained in mounting administrative reform programs. Development planning and its public administration implications are more widely known and recognized than before.

To create management systems commensurate with the needs of development and adaptable to changing requirements, experience to date suggests the great importance of applying more specialized and sophisticated approaches with differing time frames -- some programs and measures requiring a long time frame and others being of shorter range -- related to specific requirements of development activities.

The advent of development planning saw the creation of many central planning agencies in the 1960s and preparation of national development plans in many countries. Problems with the quality of these plans, and particularly their implementation, forced attention to the fact that plans prepared by central agencies were not enough. For achieving results, planning and implementation had to be treated as facets of an integral but wider process involving creation and strengthening of necessary developmental institutions and processes and ways of linking them together.

Measures taken to bring this about include establishment of planning networks, policy-oriented institutions, information gathering and processing institutions and better coordination between planning and budgeting. Creation of administrative capability in various sectors to formulate and implement development programs and projects, and to link central planning processes with sectoral, departmental and regional processes has been receiving greater attention.

B. Issues in Future UN Programs of Assistance in Administration

1. Use of national planning processes and plans as a reference for improving management capability.

The major thrust of the future work program (1976-79) of the UN Public Administration and Finance Division has been defined as promoting the effective formulation and implementation of national development plans, programs, and projects in developing countries. This central theme, emphasized by the International Development Strategy for the Second Development Decade, responds to the often cited plan implementation gap, widespread in the developing world. Greater realism and effectiveness would result, it is

suggested, if public administration plans and efforts would relate more directly to the plan's need for "collecting and processing information, formulating programmes, operational policies, implementing programmes and projects, and evaluating results."

Three dimensions of administrative planning as part of national development plans and planning generally are suggested:

- a. Inclusion of public administration as a sector in national development plans;
- b. Introduction of changes in public administration consequent to adoption of development planning.
- c. Formulation of administrative and management components in major development programs and projects.

2. The need to integrate administrative improvement at several levels: The balance of overall public administration capability with administrative capability at operational levels.

In its estimate of key emerging trends, the UN Public Administration Division notes that the administration of sectoral and program levels is becoming the focal point for concern as opposed to improving central administrative agencies. The Division's earlier programs emphasized improvement of overall government-wide administrative capabilities, particularly the general staff functions, e.g., personnel, O&M and budgeting. The more recent thrust places a heavier emphasis on "development program management," to focus upon management capability at the operational levels of sectoral and program administration. The intent is to provide a more balanced capability to operate at the several levels of needed administrative improvement.

The UN recognizes that over-emphasis on improvement of general staff functions (personnel, O&M, budgeting), to the exclusion of management improvement at operating levels, may lead to lesser relevance and impact in some countries. But management improvement measures confined to sectoral and programs levels may lead to only limited success in the absence of facilitative, complementary measures at the

overall public administration level. Exclusive emphasis on sectoral program administration may distort the allocation of scarce organizational and personnel resources. Most UN officials queried agreed to the need for simultaneous, concerted measures to improve public administration at both levels -- the overall and the sector program operational level. Existing efforts are rare which work at both levels to achieve the substantial benefits of feedback, cross fertilization and reinforcement.

3. The neglected management dimension in sector project design, implementation and evaluation.

Most development activities in major sectors are organized as programs and projects, constituting the cutting edge of action and the building blocks for country development plans. But the design and preparation of UN-assisted projects are generally confined to their economic feasibility, technical dimensions, engineering design and financial requirements. In only some cases do the UN system entities look for a management dimension in project design and implementation. (A UN review of aided projects reveals there were few instances in which project design covered local organizational and managerial requirements.) The UN population program, however, is designing a management component for its evaluation activities.

4. Heightened concern with the effectiveness of management training programs.

There is growing concern on the part of governments and technical cooperation personnel about the quality and effectiveness of management training programs.

- a. Institutes of Public Administration. Considerable expansion has taken place around the world in institutions providing public administration training and management development -- institutes of public administration, staff colleges, management development centers, university programs in management. But in the past few years concern is growing over the purposes, quality and effectiveness of the training being provided. Criticisms of such programs include fragmentation of effort, neglect of national development policies and dynamics as the frame of reference for training,

overemphasis on general management principles to the exclusion of program/project management, and sometimes an academic or theoretical orientation.

Finally, there is growing concern that unless IPAs and similar institutions are revitalized they may easily slide into the category of traditional organizations rather than becoming catalysts in increasing administrative capabilities for development as originally envisaged. To improve the IPAs' role, measures suggested include reorganization to reflect new insights on dynamics of administrative improvement, increase of policy-oriented research and training activities, and greater emphasis on programmatic consideration in management development.

- b. In-Service Training Program. In-service management training programs have experienced much expansion in recent years, but they have encountered growing criticism, pointing to duplication and fragmentation for training, overemphasis on general management to the exclusion of operational program and project management, and, generally too theoretical an orientation, ignoring orientation toward real problems and lack of rapport with local conditions and administrative behavior.

The UN is experimenting with the application of Organization Development training methods, characterized by problem-oriented participatory methods, and the integration of training within management reform and improvement efforts. There exists a growing concern for developing, adapting, and teaching administrative systems suitable to prevailing local conditions rather than simple transference or incomplete adaptation of administrative systems and methods from other countries.

- c. The Difficulty of Recruiting and Delivering Experts to Meet Increasing Demand. There are currently 450 experts in public administration and finance posted abroad, plus six inter-regional advisors for specialized short-term assignment, with an anticipated continuing 10% annual increase in supply. The UN people report they are experiencing difficulty in recruiting qualified expertise in responding opportunely to country requests. Consideration is

being given to expanding the built-in consultant "stable" represented by the inter-regional advisors, as well as expanding the use of institutional contractors.

C. The Improvement of Development Assistance Programming and Program Delivery.

1. The Concern for Effective Country Program Processes

Serious efforts are underway to simplify and increase flexibility in country programming procedures. The intent, concurrent with the thrust for decentralization, is to improve the identification and selection of higher priority development projects within strategies more relevant to major host country objectives and needs. The programming process starts with a look at the needs of the developing plan and specific investment objectives. It then looks at manpower and institutional capabilities and shortfalls, and identifies technical assistance requirements. This relatively new process, supported by "in-depth sectorial studies, attempts to provide a more realistic basis for relevant, significant projects. The process gives preference to projects which will promote cooperation with other countries, as well as projects in areas in which special competence is available, and attempts to avoid those usually not done well.

The new programming process seeks to promote greater host country involvement and collaboration and calls for:

- a. A continuous dialogue with the central planning agency, other key ministries and agencies of the Government, and with bilateral and other multilateral sources of assistance, together with
- b. Deeper understanding of the economic problem and planning processes of the country, and
- c. Fuller utilization of annual reviews and tripartite project evaluations.

2. In this way, the UN is demonstrating welcome concern with finding new ways to respond faster, cheaper, and better to the needs of the developing nations. One further

approach currently being explored involves ways to increase the supply and use of locally-based expertise (both host country people and institutions), use of resources from multinational corporations and the local private sector. Another approach under study involves changing the nature of the "demand" for assistance. Classically demand has been for a resident person who works for a lengthy period with a counterpart or as part of a team on a discreet project, or with an institution for training, or in programs for the training of trainees. Under consideration is a change in "demand" from resident experts to short-term, specialized, high-quality experts to solve specific problems. Other approaches involve the rebuilding and strengthening of local institutions which could be contracted for training, problem solving and advisory services.

Agency for International Development
March 10, 1975

Attachment 1: UN Statement of Future Work Program for the
Public Administration and Finance Division

In line with its redefinition of its central theme--
"improving the administrative and managerial capabilities
of governments in developing countries"--the UN will apply
itself to:

- (a) Strengthening institutional arrangements for
planned development and policy analysis;
- (b) Reform of public services systems;
- (c) Strengthening public service training institu-
tions and programmes;
- (d) Strengthening central agencies for management
improvement;
- (e) Developing skills in the application of manage-
ment improvement techniques;
- (f) Improving the management of developing program-
mes; and
- (g) Enhancing the role of regional and local ad-
ministration in national development.

Under its three program components

- (a) Personnel administration and training;
- (b) Organization and management services; and
- (c) Development programmes management

It will pursue the following operational themes:

1. In personnel administration and training:
 - (a) Facilitating structural reforms in public person-
nel systems;
 - (b) Improving the development; and utilization of
personnel resources.

- (c) Strengthening career development programmes and measures for improved staff motivation;
- (d) Improving salary systems and introducing position classification schemes;
- (e) Strengthening and upgrading training institutions and programmes in the public service;
- (f) Developing resources for training public service trainers.

2. In organization and management:

- (a) Assisting in the establishment and strengthening of agencies that will promote administrative reforms, management improvements and cost effectiveness at all levels and sectors of government;
- (b) Facilitating the development of skills in the application of management improvement techniques, including modern management techniques;
- (c) Improving policies and practices in information management and computer use in government;
- (d) Promoting interinstitutional cooperation through the periodic publication of a directory of national institutions for the improvement of public administration.

3. In development administration:

- (a) Improving organizational requirements for planned development;
- (b) Improving the management of development programmes and projects;
- (c) Strengthening the administration of regulatory functions;
- (d) Developing guidelines for the administration of family planning, environment protection, and other sectoral programmes as required;

- (e) Strengthening national agencies and institutions for the improvement of regional and local government and developing effective systems of decentralization and of central local relations;
- (f) Improving administration for regional (sub-national) development and the administration of urban and rural authorities.
- (g) Improving the managerial performance of public enterprises as key instruments of plan implementation.

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

An Analysis of the Management Dimension
of Assistance Programs of the International
Bank for Reconstruction and Development

In an effort to identify managerial problems addressed by Bank projects and to record the Bank's various programs for overcoming these problems, a number of bank personnel were interviewed. Officials interviewed ranged from representatives from the Central Project Staff, to Sector Staff (Agriculture and Rural Development, Education, Population and Nutrition, Urban Affairs and project officers), Latin America, West Africa, Operations Evaluation Department, International Relations, and the Economic Development Institute. All of the officers interviewed currently held responsible positions within the World Bank organization in Washington, D.C. Many had substantial experience in the field either through living abroad or making frequent contacts on field trips.

A second source of data was an examination of internal documents of the World Bank -- a series of evaluation documents, a review of sector working papers, a series of project audit reports.

The World Bank top leadership is well aware that economic and social growth is not equitably reaching the poor. Despite a decade of unprecedented increase in the gross national product of the developing countries, the poorest segments of their population have received relatively little benefit. It is concluded that policies and programs aimed primarily at accelerating economic growth have, in most of the developing countries, benefited mainly the upper 40% of the population. The allocation of public services and investment funds has tended to strengthen rather than to offset this trend. The Bank's leadership is reorienting development policies and programs in order to provide a more equitable distribution of the benefits of economic growth.

The Bank intends to expand both its IBRD and International Development Association lending at a cumulative annual rate of 8%. For the five year period FY 1974-78 lending in 1973 dollars is expected to total \$22 billion in about 1,000 projects. The total cost of these projects will approximate \$55 billion. This will constitute an increase in real terms of 40% over 1969-73 lending and a 175% increase over the 1964-68 period.

Qualitative changes in the program are of significance as well as the increase in size. The Bank will place far greater emphasis on policies and projects which attack problems of poverty--or of helping the rural poor, as such problems relate to the agriculture, education, public health and nutrition and public works sectors.

Not only will developing countries and their governments need to redirect their policies toward the more equitable distribution of the fruits of development, but international lending and donor agencies will require a change in their policies, organizations, procedures and, most importantly, orientation and training of their personnel to handle these new initiatives.

The World Bank staff is presently reorienting its programs, norms, and practices to accommodate the new program approaches. Substantial changes are in process to accomplish this reorientation.

Over the years the Bank has been strongly wedded to the project concept to carry out its loan program. The concept is well tailored to the Bank's organization, operational practices and qualifications of its professional personnel. The Bank's major concern is how projects can be as efficiently implemented as possible. It was for this reason that the Bank has frequently chosen autonomous authorities, e.g., highway authorities, power authorities and water authorities as instrumentalities for project implementation. When necessary the Bank brings expatriate staff to manage the project and a whole variety of competent consultants to provide technical inputs. Thus, all of the inputs are typically under the Bank's indirect control to insure effective implementation and financial viability of the project. With this type of project development and with the capacity of the Bank to press Governments to fulfill loan commitments,

the Bank has been unusually successful in achieving project success, however, in some instances creating enclaves of development.

To accomplish its project objectives the Bank has emphasized project preparation and appraisal to insure efficient use of capital funds and to increase the chances of on-schedule implementation. The Bank has thus concentrated on the financial, economic and technical feasibility of projects. Bank personnel interviewed said that there was relatively limited spin-off of design techniques, procedures, or systems to other government agencies in the country in which the project resided.

Much of the World Bank's attention during the past two years has been directed toward finding ways in which it can assist developing countries to more effectively extend badly needed governmental services to the rural poor. This concern applies to such programs as agriculture, education, public health, rural development, nutrition, and family planning.

The Bank is committed to direct its resources increasingly to benefit the poorest 40% of the people in the developing countries. This program rationale is based upon the conviction that development can be accelerated and can take on new meaning for hundreds of millions of people only if it is recognized that improvements in productivity involve improvements in the quality of their lives. It is well recognized that the majority of the poorest people in developing countries live in the rural areas. Thus in recent years the Bank has sought increasingly to support rural development projects designed to improve productivity, particularly among the small farmers and landless. Critical elements essential to programs to benefit the rural poor include: land and tenancy reform, better access to credit, assured availability of water, expanded extension services, greater access to public services, and new forms of institutions. Other essentials for improving the lot of the very poor and the landless are less well known and will require innovative inquiry and research to determine necessary mixes of resources and program factors. Many of the agricultural and rural development programs supported by the Bank throughout the world, but especially in East and West Africa, are specifically designed to impact upon the small farmer and rural poor.

There was general agreement among the officials interviewed that international banking institutions, assistance organizations such as USAID, United Nations entities, Ford Foundation, OECD, and other international development programs, were already strongly sensitized to the fact that development resources were having limited effective impact upon the rural poor. Concern for the rural poor, as well as the need for greater resource inputs into the priority sectors of agriculture, education, public health and rural development is strongly reflected in President McNamara's addresses to the Board of Governors, and policy and program statements from the World Bank leadership. They are similar to the concerns of the new Congressional "Mandate" of the Foreign Assistance Act and policy statements of USAID leadership. The United Nations Secretary General expresses profound concern over the same critical issues and the international community's capacity to take effective steps to re-direct programs and resource allocation to impact upon the rural poor and priority sectors.

There was general consensus among IBRD staff interviewed that concern, redirection of lending policies, change of program thrust, and top leadership acknowledgement of the problem was not enough. In order to achieve the new goals donor institutional change will be required. Most donor institutions are not properly organized to cope with the new thrust. Most professional-technical institutional personnel are steeped in institutional philosophies, methodologies and programming procedures which were designed with a different purpose, impacting upon a different social group. Major changes will be required in staffing, research, program and project design, project analysis, implementation, and evaluation criteria if the new program objectives are to be achieved. The personnel reward systems of the Bank and other donor organizations will also have to be reoriented to support the new program thrust. Many of the professional and technical personnel will have to be retrained in the broader concepts and the use of different analytical and evaluative tools. Projects will have to be designed as an integral part of sector activity. Detailed multi-disciplinary and sometimes multi-sector feasibility studies will be required employing a different mix of professional competencies and survey team composition, stressing such factors as equity, distribution of wealth, mass non-formal education, and equitable distribution of governmental services. Some of the World Bank's professional and technical staff pointed out

that their sectoral thrusts in rural development, agriculture, health and education were primarily concerned with effectiveness of delivery systems. In this sense, sectoral programs are essentially managerial, clearly requiring a higher order of managerial content and professional services.

It is clear that the new programs emphasizing impacts upon the rural poor and the allocation of resources to priority sectors will require a different set of policy and program considerations for international banking and aid donor institutions. The following list includes some of these considerations.

1. Lenders to LDC's may have to dilute rate of return and cost benefit as predominant criteria for project approval, though ability to repay will have to be assured. Effectiveness instead of efficiency will weigh more heavily in project design, approval, and evaluation.
2. The time frame of project implementation may have to be extended.
3. The international lending and donor institutions will have to be more concerned with elements of institution building in a multi-sector local environment.
4. In the past aid donors and the World Bank have given managerial and administrative variables relatively less attention than the appraisals of financial, economic and technical feasibility. Relatively less attention has been paid to the managerial capability of indigenous project administrators. Similarly, institutions or agencies have been judged within the boundaries of specific projects. Because the new thrust is oriented to sectoral or multi-sectoral outreach considerations, the management dimensions are much broader and more highly complex than heretofore, and must be reckoned with. Project objectives will need to include study of the means to carry out the project in such a way as to increase the technological and managerial competence of the country in which the project is located.
5. Lender and donor organizations must provide a larger developmental context for project definition, analysis, and impact, with heavy emphasis upon decentralized operations.
6. Limited professional and technical staff may have to be oriented to prepare projects of smaller proportions.

On the one hand it will be necessary to provide very substantial amounts of capital resources. On the other, some experts believe that it is more effective to structure numerous small projects to reach rural beneficiaries. If true, this would take considerably more professional time and resources in project design, analysis, implementation and evaluation in relation to other project costs. Lenders and donors may be required to design and finance more numerous projects which are less capital intensive, but require greater amounts of technical assistance inputs. This could operate to slow the rate of lending unless professional staffing levels are increased or means can be found to utilize large capital inputs effectively.

7. Project clientele will be a softer variety, with greater risks involved. A new array of adequate developmental indicators will have to be selected to meet the new requirements.

8. The new thrust will require the development and establishment of new control, evaluative and managerial systems and procedures. It will also need to build an in-house capacity to prepare and supervise projects which emphasize the new institution building, decentralization and comprehensive program elements which involve complex managerial needs.

It should be noted that the World Bank's historical role as an intermediary for incremental capital flows to developing countries will be maintained in the future and that the basic principles of financial prudence, cost-benefit criteria, rate of return assessment, high standards of project analysis and efficiency will be continued and rigorously applied to its capital projects.

Most of the people interviewed felt that it was incumbent upon all international assistance organizations to focus more of their collective talent and attention on the managerial needs of the developing countries. The challenge of building better management capability in developing countries is a practical and urgent one, and it is also a major intellectual challenge. Like our other respondents, IBRD people agreed that building management capability will be a vital dimension of the effort to more widely distribute the benefits of development.

Great credit has been given to economists for achievements made in the broad area of economic planning. The World Bank, the United Nations, USAID and the Ford Foundation, among other institutions, have supported the emphasis on planning. But faith in economic planning has eroded, and we presently hear of a "crisis in planning." Part of the erosion has been due to insufficient concurrent attention to improving governments' managerial capacity to carry out plans. Sector programs without strong managerial content are apt to suffer the same fate. This is a time when countries are desperately looking for assistance, institutional capability, and innovative management practices which will help resolve their complex development problems.