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**A Review of
"AID: Organizational and Institutional
Issues and Effectiveness"**

by

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AID: Organizational and Institutional Issues & Effectiveness

Allan Hoben

OVERVIEW

In a footnote, the author states that he draws heavily upon material he prepared for a report to be [has been?] reproduced and distributed by USAID. It is MADIA Research Report #12 entitled "An Assessment of AID Activities to Promote Agricultural and Rural Development in Sub-Saharan Africa" by Johnson, Hoben, Dijkman, and Jaeger.

This report is "about the fit between AID as an institution and its task...[It also discusses] the way AID...has been shaped over the years by pressures from its external environment" over which it has little or no control. The first two sections trace these elements through AID's evolution in the 60's and 70's. The third examines conflicting pressures on AID country missions. Section four relates a number of well-recognized but enduring problems in aid programming and project work to these pressures and the incentives they create in the Agency as a whole. Finally, Hoben assesses organizational and procedural changes introduced by AID management in the 80's, and summarizes the implications of the analysis for future AID directions.

The author is sympathetic to the external constraints and pressures which AID faces. Yet he also points out a number of AID's institutional problems over which it does indeed have control and should move to rectify. As an objective outsider, the author presents a balanced statement of AID's present state of affairs which is well worth reading — in its entirety — by AID's policy makers.

HIGHLIGHTS OF PAPER

The Fit Between AID and Its Task in the 60's

In its early years, AID adopted a flexible and "error-embracing" approach. It was decentralized and had more employees in relation to the size of their programs than they have had in more recent years. AID's Washington-based bureaucracy was less complex. AID was able to capitalize on the comparative advantage of its overseas missions during this period. However, programs were unrealistically optimistic about their time frames and were disjointed in their objectives.

Institutional Transformation in the 70's

A number of pressures from outside AID caused this transformation. The New Directions legislation altered AID's objectives and restricted its means to achieve them. Mission staff had to devote much of their attention to AID's internal problems.

Public support for foreign aid has eroded and its constituency degenerated into a fragile coalition of special interest groups. The result has led to diverse mandates for AID without the additional resources to fulfill them.

The imposition of new objectives has also fostered functional redundancy — at times both an institutional strength and a source of difficulty as discussed on pp.11–12.

Changing objectives have made it difficult for the Agency to maintain a workforce appropriate to its tasks. (See p.13 for resulting AID responses).

The complex and centralized programming procedures put in place in the early 70s were shaped by AID's vulnerability to criticism and the defensive posture it therefore adopted. While cumbersome, this system had the important effect of generating a capacity within AID to learn from its experiences (this resulted from AID's establishment of a centralized data base and a capacity for evaluating the impact of its activities).

However, in the context of the New Directions policies, the new procedures exacerbated a number of problems. For example:

they monopolized many of the missions' human resources and lessened their flexibility;

under increased pressure to "sell" their projects, mission documents exaggerated what projects could accomplish;

they increased strain and suspicion between the missions and AID/Washington.

AID's increased dependence on contractors for project design and implementation also created a number of problems (as specified on p.17–18). Aid-tying regulations that direct missions to purchase American goods have also been problematic.

Conflicting Pressures on Country Missions

This excellent section (pp. 19–23) concisely recapitulates the constraints, pressures and contradictions faced by AID country missions. It is best read in the author's own words.

Problems in AID's Programing and Project System

There are numerous persistent problems (pp.23–24) associated with country programing, project design and implementation. In Hoban's view, they are

"symptomatic of...structural contradictions in AID's objectives, in its procedures, and in the incentives that shape the resource allocation strategies used by AID employees as they carry out the tasks imposed by the Agency's program cycle...[The allocation of funds is carried out in a] decision-making arena where competing and innately dissimilar objectives are reduced to the common calculus of fiscal resources."

Hoban distinguishes two types of allocation processes at work: top-down ("enabling") which establishes the broad parameters of country and sectoral funding levels and of development policy; and bottom-up ("entrepreneurial") which determines the content and recipients of specific aid activities. These are expanded upon in an interesting discussion on pp. 25–35.

Impact on Country Programs

The New Directions thrust pushed missions to "target" projects to low-income rural people. These efforts were

"inherently difficult, were out of sequence with agricultural research, infrastructure, and administrative capacity, and placed unrealistic demands on AID's design and implementation capacity under African conditions. At the same time, pressures to meet obligation deadlines and fit programs to available funding and political priorities created strong incentives for AID [missions] to downplay the problematic nature of these tasks."

Hoban believes that AID's comparative advantage does not lie in with "targeted, people-oriented agricultural and rural development activities."

AID Procedural and Organizational Reforms in the 1980's

- To enhance the comparative advantage of its overseas missions, AID undertook a program of decentralization.
- To address AID's weakness at designing and implementing small, flexible, people-oriented projects (and to facilitate compliance with budgetary earmarking) AID established "umbrella" co-financing projects (i.e. between a PVO and the host government).
- To improve its "institutional memory," AID is seeking to strengthen its evaluation and information capacity.

While useful, the positive impacts of most of these changes may be "swamped by continued and even intensified pressure on AID." Hoban discusses a number of these including: 1) the proliferation of "priority areas"; 2) budgetary restrictions; 3) micro-management by the Congress; 4) continued pressure from special interest groups; 5) new regulations and set-aside requirements making contracting even more difficult.

Conclusion

In Hoban's view, "the best solution to AID's endemic problems lies in modifying the Agency's institutional and individual incentive structure, rather than in issuing additional guidelines, imposing internal regulations, or adopting new management systems."

Reforming AID procedures will not be easy. Nevertheless, "there is a need to shift the locus of mission attention from AID's own programming problems to supporting existing institutions and making them more effective."

"In the longer run, the Congress needs to find mechanisms for giving AID multiple-year appropriations and more flexibility in programming these funds, while at the same time holding the Agency more accountable for the developmental impact of its programs."

The last paragraph of the paper, and the accompanying footnote, summarize the kinds of changes which Hoban envisages.

AID: ORGANIZATIONAL AND INSTITUTIONAL ISSUES & EFFECTIVENESS+

Allan Hoben

INTRODUCTION

This report is about the fit between AID as an institution and its task. It is concerned with the way that AID's organization, procedures, personnel system, incentive structure and informal work roles affect its capacity to support balanced agricultural and rural development in the less developed countries. It is biased towards Africa because of my experience and because that is the region in which AID faces the greatest challenge today. It is also biased towards development projects rather than non project assistance, long term training, sectoral lending, food aid, policy dialogue, relief or other AID modalities. Despite these limitations I believe that many of the observations are helpful in understand AID's strengths and weaknesses over a broad range of activities. Readers from other multilateral and bilateral agencies have indicated that they have found it helpful to raise the same type of issues in regard to their own organizations.

The report is also concerned with the way AID as an institution has been shaped over the years by pressures from its external environment. These include pressures from the

administration, other branches of government and the Congress; the public, and a variety of special interest groups. This has been done both to draw attention to the fact that AID faces significant constraints over which it has little or no control, and to suggest that unless there are significant changes in AID's external environment it cannot be expected to make significant improvements in its effectiveness in promoting development. This point is reinforced by examining recent management introduced changes in AID.

The organization of the report reflects these concerns. The first section is about the fit between AID and its task in the 60's. The second describes the way pressures from outside AID transformed it over the following decade. The third examines conflicting pressures on AID country missions. The fourth relates a number of well recognized but enduring problems in aid programming and project work to these pressures and the incentives they create in the Agency as a whole. The fifth section assesses organizational and procedural changes introduced by AID management in the 1980's, and summarizes the implications of the analysis for future AID directions.

THE FIT BETWEEN AID AND ITS TASK IN THE 60'S

Paradoxically, in some important respects AID's organization, programming procedures, personnel system, and individual incentives were better suited to its task in its early years than

in later periods or the present.

There is much evidence that effective donor assistance for agricultural and rural development must be based not only on an appropriate, balanced strategy, technical and analytical skills, a familiarity with what has been previously tried in the host country, a comparative perspective, but also on a patient, persistent, flexible, and error-embracing approach.

The ability of donors to experiment, grope, take some risks, tolerate frustration, sustain a collaborative effort, and learn from experience has been especially necessary in the least developed nations. At independence, for example, Africa's new nations had very little trained manpower, their governmental institutions had little experience or capacity to carry out their tasks, and attitudes toward professionalism and accountability were weak. Planning capacity was minimal. Since then reliable planning data have remained scarce and skilled manpower are still in short supply. As for agriculture, African cropping and farming systems are complex, diverse, and locally variable. They are unfamiliar to American technicians, as are the social institutions through which rural Africans pool risks, conduct trade, save, and deploy their capital and labor. Under these conditions it requires a good deal of patient experimentation to adapt Western technology and organizational forms to national and local conditions.

In its early years AID was able, to a remarkable extent, to adopt a flexible and error embracing approach. It was

decentralized, with considerable delegation of responsibility to its overseas field missions. Moreover, the missions had more employees in relation to the size of their programs than they have had in more recent periods.

In addition, AID's Washington-based bureaucracy was less complex. Throughout the Agency lines of authority and areas of jurisdiction were blurred, access to superiors was easy, the Agency's family-like missions fostered informal working relations (as they still do today), and considerable responsibility was assumed by subordinates. These are characteristics of an organization well suited to tasks similar to AID's.² The Agency was also less tightly bound by bureaucratic procedures and contracting regulations. Loans required fewer types of analysis and were subject to fewer restrictions than was later the case. Programming technical assistance required little analysis or documentation, and AID Washington's review and approval of requests was handled by a small, technically oriented staff. The process was therefore relatively rapid and flexible.³ Contracting and procurement were less standardized, centralized, slow, and time consuming than they have since become. Country strategy documents were less elaborate, and there was less pressure to conform to the Washington policy climate than has been the case since the early 1970s.

AID's early personnel system and incentives for professionals also were well suited to its task. Because, in the optimism of the time, it was widely believed that self-sustaining development

could be achieved in a decade or so, the new Agency's personnel system was established on a temporary basis.⁴ Most employees were hired as Foreign Service Reserve Officers (FSR), a special category intended to give AID the authority to hire professionals "on a temporary basis... with such specialized skills as may from time to time be required."⁵ Under the FSR system AID was able to employ trained and experienced people quickly, without giving entrance exams, and it did not have to assume civil-service-type obligations to those it employed. In addition to enabling the Agency to stay flexible, this arrangement was intended to provide employees with the incentive to maintain a professional identity.⁶ Some AID employees were primarily concerned with administration and management, but many were involved in technical assistance. The line between direct hire and contract personnel was less sharply drawn than it has come to be.

While there may be a nostalgic bias in memories of AID's halcyon days, it seems clear that AID was able to capitalize on the comparative advantage of its overseas missions in its early period. Employees had both the time and the incentives to devote a greater proportion of their energies to working with counterparts, implementing assistance, and thus learning about a country's needs and conditions. They also had more discretionary power to make changes and mid-course corrections, dropping extension work that proved inappropriate, for example, or initiating research.

The early system had weaknesses as well as strengths.

Programs were unrealistically optimistic about what could be accomplished in a few years. This optimism, along with the desire to establish programs in newly independent nations and weak management planning, contributed to what Ambassador Korry in his 1966 report on AID's African programs referred to as "scatteration, that is to say, [to] our involvement in hundreds of projects dealing with almost every conceivable activity related to development and at many levels... in 33 countries." (Korry 1966, summarized in Congressional Research Service 1986). As a result of the Korry Report, AID bilateral missions were closed in all but ten nations. Other countries were assisted only through regional and multilateral programs.

INSTITUTIONAL TRANSFORMATION IN THE 70'S

By the early 1970s AID found itself operating in a changed and challenging organizational context.⁷ The New Directions legislation altered AID's objectives; at the same time, Congress restricted what AID could do to achieve those objectives. Functional budgeting, earmarking, and additional reporting requirements subjected the Agency and its missions to micro-management by the Congress. The elaboration of project design and approval procedures and the expansion of the Washington-based bureaucracy contributed to a marked centralization of decision-making authority. The role of direct hire employees became primarily managerial. Most substantive work on project design,

implementation, and evaluation was done by contractors. At the same time, contracting and procurement procedures became more standardized, more restrictive, and slower. Finally, the Agency was spread thin since, in response to the Sahelian drought and the new Congressional mandate, it once again established bilateral programs in most of the countries from which it had withdrawn in the late 1960s.

The effect of these changes on AID's programming system was to reduce the comparative advantage of AID's overseas missions and to exacerbate a number of long-standing problems in the design and implementation of projects. The mission's bureaucratic workload increased far more rapidly than its workforce. Employees were forced to devote a high proportion of their time to diagnosing the Washington "policy climate," packaging and promoting their programs, and overcoming arbitrary constraints in procurement and contracting. Their incentive to understand and address the distinctive, long-term developmental needs of the host country was reduced, as was their incentive to focus on project implementation. In sum, mission staff had to devote an increased amount of their attention to solving AID's own problems. In this sense, the locus of decision-making for development shifted from host-country institutions to AID itself.

To some extent, the reduction of mission autonomy and flexibility brought about by over-centralization in this period was offset by an improved institutional memory and strengthened evaluation and learning processes in the Agency. In time these

contributed to the formulation of more coherent and effective strategies in areas such as population and agricultural research. Here, however, I am primarily concerned with the effect of these changes in AID's external environment on its institutional capacity to do its work.

Many circumstances contributed to the changes introduced in the early 1970s, including well known political and historical factors beyond the scope of this report and the recognition that AID was no longer a temporary agency. The way the changes were introduced, however, was shaped by two features of the Agency's external environment that had helped to shape American foreign assistance programs from their inception: the absence of a strong constituency with shared goals, and the widespread assumption that most of the problems of developing nations could be solved quickly and easily by the direct transfer of American technology and institutions. These features have forced the Agency throughout its existence to be responsive to a wide variety of interest groups with differing and at times contradictory goals and to make unrealistic projections of what it could achieve. They have also contributed to ever-increasing public disillusionment, tighter Congressional oversight, and a more defensive posture by AID and its employees.

Foreign assistance has never been popular. Indeed, public support for foreign aid has generally been lower than for any other form of federal spending.⁸ In the early postwar years, support was mobilized with the argument that the goals of foreign

aid -- containing communism, fostering democratic political institutions, promoting beneficial trade between rich and poor nations, and eradicating hunger, poverty, and ignorance -- were mutually reinforcing and could be attained in a relatively short time. In addition, aid supporters argued, the United States was qualified by its unique historical tradition and its preeminent scientific and industrial capacity to exercise moral and technical leadership in fostering development.⁹ Nevertheless, the passage of AID's enabling legislation, the Foreign Assistance Act of 1961, under the charismatic leadership of President Kennedy, marks the last time an administration has successfully mobilized broad support for aid.

Over the years public support for foreign aid eroded and its constituency was fragmented into a welter of special interest groups. By the early 1970s, in the wake of the Vietnam War, it was increasingly difficult to convince the public that AID's humanitarian, commercial, strategic, and developmental goals were congruent.

To ensure the annual passage of AID's legislation, the administration has had to forge a fragile coalition of special interest groups and to lobby key congressmen for their support. Some of the interest groups are committed to a particular goal. Others are primarily concerned with having AID use their products and services. Still others limit what AID can do by sponsoring legislative amendments proscribing the Agency's involvement with particular countries, commodities, or technologies.

AID's dependence on special interest groups has had several effects. It has led to the proliferation of its legislated objectives, often unaccompanied by additional overall funding or higher personnel ceilings. It has led to the imposition of scores of special restrictions in amendments to AID's enabling bill. It has led to dramatic shifts in the Agency's regional focus and in its official policy, of which the New Directions mandate was an outstanding example. Reinforced by Congressional mistrust of AID's capacity and the administration's intentions, it has led to the introduction of functional accounts and increased use of "earmarking" in AID's appropriations bill. And it has forced AID to accept the non-developmental goals of other agencies, such as the Department of Agriculture (USDA), Treasury, and OMB, and subjected it to direct pressure from congressmen and high-level political appointees.

These increasing and often contradictory pressures influenced AID's organization, personnel system, workforce composition, programming and contracting procedures, and incentives. Its organization has become complex, flexible, and redundant. Over the years many new organizational units have been created within the Agency to cope with new goals or to show compliance with new thrusts. Thus units have been created for new functional areas such as fish protein (when protein rather than caloric deficiency was considered most urgent), for new approaches such as private enterprise and private voluntary organizations, and for new concerns such as Title IX, women, the environment, and energy.

Other changes reflect a response to criticism or changing priorities. While units may be downgraded, moved or merged, their functions are seldom altogether dropped.

The imposition of new objectives has also fostered functional redundancy and overlapping or poorly defined jurisdictional boundaries as units have added offices and positions for purposes of compliance, coordination, or protection their turf. At present, for example, agriculture is the concern of the Office of Agriculture in the Bureau for Science and Technology, the Office of Policy Development and Program Review in the Bureau for Program and Policy Coordination, the Agriculture and Rural Development Division of the Africa Bureau, the Regional Development Support Offices in East and West Africa, and each of the country missions. The same situation exists for other sectoral and special concerns.

In principle, of course, there are differences in the nature of the responsibility exercised over a functional area by different units. In reality, however, most policy and funding decisions are reviewed widely and discussed at committee meetings where employees with similar responsibilities, and perhaps similar professional qualifications, share ideas, dispute one another, squabble over jurisdiction, trade support, and form temporary or lasting alliances. The impact of a reorganization, a new policy, or the reassignment of personnel is muted by this diffuse pattern of communication and decision-making.

Functional redundancy has been a source of institutional

strength when the problems to be addressed are unclear, when multiple approaches are needed, or when effectiveness or protection against failure is more important than efficiency (Leonard 1982, pp. 209-10). Redundancy has also contributed to AID's resilience and organizational flexibility in the face of the reorganizations that tend to sweep across AID after changes of administration since qualified personnel, as well as the responsibility for carrying out key tasks, are widely dispersed throughout the Agency. AID can lose a bureau or an office without seriously disrupting its overall functioning. Similarly, a unit in one bureau may be upgraded, merged, divided, moved to another bureau, or given new functions or a new name without causing serious problems.

Yet redundancy can also be a source of difficulty if, as in AID, personnel are not serving in positions for which they were trained and if, as in the early 1970s, there is excessive centralization. Under these circumstances decision-making is slow, and this inhibits AID missions from quickly and flexibly responding to host country conditions and needs.

AID's workforce and personnel system have suffered from frequent changes in the Agency's policy climate, substantive emphasis, and regional focus. Changing objectives have made it difficult for the Agency to maintain a workforce appropriate to its tasks. Since the reduction in force following the end of the Vietnam War, AID has been under almost constant pressure to reduce its complement of direct hire employees and its operating

budget. Efficiency minded congressmen and administration officials tend to compare AID's work with that of other federal agencies that, unlike AID, are applying known techniques to well-understood domestic tasks.

One result of this pressure is that the Agency has had to focus its recruiting efforts heavily on acquiring the professional skills needed to implement its most recent policy objectives. Over time this has left the Agency with acute shortages in some basic fields such as economics and agriculture. It has also fostered generational "stratification" in its workforce: most of its anthropologists, for example, were hired in the mid-1970s. A second result is that the Agency has had to reclassify many employees into skills categories for which they have had no formal training so that they could be assigned to available positions. An agricultural officer in one of AID's African missions in the 1970s was not necessarily an agriculturalist, much less familiar with what was known at the time about African smallholders' farming systems. A third result is that, regardless of their professional background, mission-based employees spend most of their time on bureaucratic and managerial tasks. Indeed, management is the only clear career ladder in the Agency. Employees recruited because of other skills find it difficult to remain current in their field, to attend conferences, or to receive additional technical training.¹⁰ This situation, plus the poor fit between the length of overseas assignments and the cycle of project development

noted below, contributes to frustration, poor morale, and de-professionalization.

The complex and centralized programming procedures put in place in the early 1970s were shaped by AID's vulnerability to criticism and the defensive posture it therefore adopted. At the time, AID was under intense pressure to convince a skeptical Congress that it was conforming to the New Directions policies and that it was going to achieve positive results. As a consequence the new system, which, with modifications noted below, is still largely in effect, requires missions to specify in considerable detail, before funds are obligated, what they propose to do, how they propose to do it, and how the activity will contribute to developmental goals. While changes can be made in the project during implementation, they require written Congressional notification. The new system also requires each mission to prepare a more detailed and comprehensive justification of its country strategy in the Annual Budget Submission and in the Country Development Strategy Statement. Also in the mid-1970s, AID management began to establish a strong, centralized data base and a capacity for evaluating of the impact of its activities.

The programming approach which had previously been used only for loan preparation was elaborated and extended to technical assistance. Virtually all development assistance was "projectized" so that it could be "targeted" on predominantly rural, low-income groups. In conjunction with the design of a

project, the mission had to prepare a Project Identification Document, a Project Review Paper (which was subsequently dropped), and a Project Paper. Each of these was reviewed in Washington by the Africa Bureau, the Bureau for Program and Policy Coordination, and the predecessor of the Bureau of Science and Technology. The completed Project Paper, which is still used with some modifications, includes a detailed project description, a logical framework relating inputs to outputs, to a specified purpose, and to a broad development goal, a detailed budget, an implementation plan, an economic analysis, a financial analysis, a social soundness analysis, an environmental impact determination, a procurement plan, and numerous briefer determinations intended to ensure that the project will not be contrary to United States policy interests or conflict with the interests of one or another domestic lobby, as specified in AID's enabling legislation.

This revised programming system has had a number of positive long-term effects on AID's institutional capacity. Perhaps most important, it has enhanced the Agency's capacity to learn from its experience and to introduce new ideas gradually into its mission programs through a process of creative dialogue between its employees in Washington and overseas. The evolution of AID's agricultural research, population, and health care delivery strategies all exemplify this enhanced process of iterative learning.

Coming as they did, however, in the context of the New

Directions policies, personnel cuts, and expanded country coverage in sub-Saharan Africa, the new procedures placed AID's African missions in a very difficult position and exacerbated a number of endemic problems that have been found to be characteristic of all donors' technical assistance programs that region. The new procedures took up much of the mission staff's time and energy, lessened its flexibility, and lengthened the time required to respond to host country requests, needs, and windows of opportunity.

Moreover, under increased pressure to "sell" their projects to an ever more skeptical audience, missions prepared documents that exaggerated what could be accomplished by applying known technologies and underestimated the difficulty of introducing significant institutional or technical change. The advocacy nature of these documents not only fostered such distortions, but also created strong incentives for field staff to "transform" the host countries' problems, capabilities, and commitments so they would conform to the current Washington policy climate and review criteria. This reduced employees' incentives to find out what was distinctive about a country and then to design interventions fine-tuned to its needs.

The over-centralized review process exacerbated the strain and suspicion between the missions and AID/Washington. From the missions' perspective, distant and poorly informed bureaucrats "upstream" in the project approval and funding process "second-guessed" them on the basis of abstract ideas, personal

predilections, or simply the wish to exercise their prerogatives. At times the design and review process took on an adversarial rather than cooperative or constructive tone, and mission personnel found themselves assuming a defensive, risk-averse posture.

AID's increased dependence on contractors for project design and implementation also created a number of problems. Some of these are characteristic of the federal contracting system and are faced by all government agencies. As Thomas Rollis, Assistant to the Administrator for Management, has noted in Congressional testimony, concerns about fairness and due process toward the contracting community "requires, in large part, a face-value acceptance of the bidder certification of the types of services, the level, the quality, and just about everything except financial capacity." Unlike private-sector firms, federal agencies are severely restricted in their ability to use generally available knowledge concerning the character, experience, knowledge, and past performance of potential contractors. They are not allowed to keep systematic records of contractor performance or to use poor performance as a criterion for non-selection. Indeed it is very difficult and time-consuming to disbar a contractor for anything other than fiscal malfeasance.

Problems associated with the federal contracting system are exacerbated in AID by the nature of its task and its relationship to its contractors. As I have noted, much of AID's work requires

in-depth knowledge of the host country and a flexible, trial-and-error learning approach rather than the direct transfer or application of known techniques. Yet it is very difficult to establish non-subjective, quantifiable criteria for these qualities. For this reason it is not surprising that much of the sensitivity to cultural, social, and institutional issues found in AID's Project Papers is "filtered out" as they are transformed into contracts by Washington-based contract officers. AID's comparative success with infrastructure projects and long-term training is probably due in part to the fact that they entail the use of known techniques and have outputs that are easy to quantify.

The rebidding procedures for contract renewals and the difficulty of enforcing more than minimal standards of performance also provide poor incentives for the contractor to be creative in meeting the unforeseen problems and opportunities that inevitably present themselves during project implementation. AID missions, for their part, have little ability or incentive to enforce high standards of contractor performance. In addition to the costs and problems of terminating a contract for nonperformance or convenience, AID missions face a delay of from 200 days to a year or more in obtaining the services of another contractor. Finally, AID managers have proven understandably reluctant to offend contractors who are associated with any of the many special interest groups on which they feel dependent for the passage of their appropriations.

AID's African missions have also had to cope with aid-tying regulations that direct them to purchase American goods. In addition to the well-known economic costs of such regulations, in Africa these have regularly resulted in lengthy procurement delays and problems with service and spare parts. These problems have been particularly costly in the case of essential equipment such as vehicles.

CONFLICTING PRESSURES ON COUNTRY MISSIONS

In sum, by the early 1970s an AID mission had to cope with a very difficult organizational as well as host country environment as it played its pivotal role in the design and delivery of foreign assistance. It had to translate general policies into the host country context. It had to develop a coherent rationale for its assistance program. It had to design a supply of plausible projects and programs, matched to funding available through two or more bills and numerous functional accounts, and to do so within an arbitrary time frame. It had to manage the implementation of these activities despite the fact that it had little control over the personnel, logistic support, or other resources supplied by the host government or over interministerial coordination. Moreover, the AID mission had to accomplish all these tasks in ways acceptable to a number of constituencies and agencies in both the United States and the host country.

Most of the constraints, pressures, and contradictions faced by missions in the 1970s are still present. Since they profoundly affect what the missions can do and what AID employees are encouraged to do it is useful to recapitulate them here. The recent attempts of AID management to deal with many of these problems are discussed in a later section.

Missions are under pressure from AID/Washington to obligate appropriated funds in a timely manner or face program budget reductions in the following year.

Missions are also under pressure from AID/Washington to select and package their programs in accordance with the spirit of current policy guidelines or face time-consuming and delaying harassment in the review process. Failure to conform to the current "policy climate" makes projects more vulnerable to all types of technical and analytical criticism.

Missions have to design their projects in accordance with complex and standardized requirements and make dozens of determinations to ensure that they are in compliance with all the statutory regulations.

In implementing projects, missions must comply with complex statutory regulations concerning contracting and disbursement. These have been designed for use by federal agencies located in the United States. Compliance is monitored by the Inspector General's office within AID and by the Congressional General Accounting Office, and consequently by AID managers and lawyers up the line. Irregularities, no matter how technical, lead to

serious sanctions and can have adverse effects on the career of mission directors and others. In contrast, ill-founded assumptions, faulty analysis, or even deliberate misrepresentation of facts about the host country in program or project documents, or suppression of negative evidence in evaluation reports, only occasionally elicits an official rebuke. And mission directors report that the developmental success or failure of programs has comparatively little effect on the careers of AID personnel once they have left the host country for a new assignment.

If missions became involved in programming PL 480 food surpluses they were, and still are, subject to pressures from the USDA and other members of the interagency coordinating committee. Friction over the type and quality of commodity to be supplied and over delivery dates are frequent.

Missions are occasionally directly pressured by a special interest group to fund a particular activity. More often such pressure is channeled through the personal informal intervention of high-level AID/Washington managers. The mission then requests funding for the activity through a central or regional program. Similarly, the mission may be informally or formally pressured by AID/Washington to use a particular type of contractor.

Particularly if the host country is considered important for strategic, political, or economic reasons, the mission is subject to pressures from the State Department and the American Embassy.¹¹ The pressure can be for a variety of objectives: to

shore up an unstable regime with general budgetary support; to obtain base rights or more limited strategic access; to "resettle" refugees to avoid another "Palestinian situation";¹² to help a government show concern for a dissident region; or to keep a personal commitment by a visiting American official to the head of state. Regardless of whether the pressures are political, strategic, economic, or diplomatic, there tends to be a strain between the State Department view that AID should have flexible, quick-disbursing resources and a very small in-country staff and the Agency's view that long-term commitments and on-the-ground management are necessary to an effective technical assistance program.

The mission is also subject to formal and informal pressures from host country leaders, and often to competing requests for support from different host country ministries and agencies. In addition, it has to attempt to coordinate its assistance with other donors, with whom it is at times in competition for good project opportunities. This problem was especially troublesome during the mid-1970s when all major donors were under pressure to reach rural people through targeted projects.

The mission also faces potential contradictions in its broader relationship with the host country. It has to assure host country officials that AID is a reliable source of support for costly, long-term development initiatives and institutional changes yet must not "mortgage" its future program.

It also has to work "collaboratively" with host country counterparts to make their planning more efficient, while requiring them to accept American-made equipment, imposing on them AID's latest developmental priorities and policies, and offering assistance that often favors foreign exchange over domestic savings and capital over labor.

More recently missions have had to push for politically difficult policy reforms such as economic liberalization, reduced subsidies, and cuts in the government payroll. At the same time, the State Department may be seeking to stabilize the regime or reward it for loyalty in the arena of East-West relations.

PROBLEMS IN AID'S PROGRAMING AND PROJECT SYSTEM

The ways that AID mission employees cope with these conflicting pressures as they allocate financial resources to country programs and projects help to account for the persistence of a number of well-recognized problems associated with country programing, project design and implementation. These problems include the lack of stability and continuity in country program size and content; neglect of social, cultural, political, and institutional issues; overoptimism about the suitability of shelf technologies; inflated estimates of economic rates of return; underestimation of the time it takes to get project activities underway and to bring about change; under estimation of costs, delays in delivery, and servicing problems associated with tied

aid procurement; unrealistic assumptions about the availability of qualified and experienced technicians willing to live in remote areas or work under difficult conditions; unrealistic assumptions about the host country's absorptive capacity and ability to effect interagency coordination; neglect of project implementation or continuation in favor of designing new projects; inadequate monitoring; failure to learn from previous AID or non-AID projects in the host country; and the repetition of projects and approaches that have previously proved unsuccessful.¹³

The fact that these problems have persisted and even deepened over the years suggests strongly that they cannot be resolved by exhortations "to do a better job" or by adopting additional guidelines or tighter regulations. Rather they are symptomatic of the underlying and enduring structural contradictions in AID's objectives, in its procedures, and in the incentives that shape the resource allocation strategies used by AID employees as they carry out the tasks imposed by the Agency's program cycle.

The program cycle through which AID allocates the funds appropriated annually by the Congress to particular activities is, as has been stressed, complex and time-consuming. It takes precedence over all other activities in the regional bureaus and overseas missions. This is because it is both the context for most communication and coordination between different parts of AID, and the decision-making arena where competing and innately dissimilar objectives are reduced to the common calculus of

fiscal resources. This process affects the career incentives of AID employees by rewarding them for procedural and tactical knowledge and for becoming experts at moving money, regardless of their technical competence or the impact of their work on a country's development.

Within AID's program cycle it is useful to distinguish two types of allocation process at work: the first, enabling and top-down, establishes the broad parameters of country and sectoral funding levels and of development policy; the second, bottom-up and entrepreneurial, determines the content and recipients of specific aid activities.

The first process takes its direction from AID's enabling legislation, State Department determinations, USDA projections, intermittent input from other agencies including OMB and Treasury, and policy guidelines developed by AID management. Together these determine the funding level for a country program. The rationale for the funding level need not include developmental criteria. Early and enduring support for Ethiopia, the increase in funding for Kenya since the late 1970s, and huge appropriations for Egypt and Israel clearly did not.

Even when developmental criteria are significant in determining country funding levels, they are not necessarily consistent through time. Changes in the wake of the Korry Report in the 1960s, the New Directions policies of the 1970s, and the free enterprise and policy reform thrust of the 1980s have resulted in significant fluctuations in program size and content

for most AID recipients. These changes make it difficult for missions to maintain existing programs while, at the same time, responding to new sources of funding and policy guidelines. The instability of AID programs had particularly negative effects on institution building activities such as agricultural research, and on livestock development -- both of which require a comparatively long period of continuous support and entail a good deal of learning by doing.

From the perspective of most AID employees, top-down allocation decisions are normally taken as a given.¹⁴ Along with the procedures of the program cycle, these decisions determine the boundaries of permissible action and the rhetoric of discourse and justification. Together they may proscribe particular activities but they do not prescribe them. Nor do AID's country strategy and project design procedures, in themselves, determine the particular programs, projects, and approaches adopted by a mission since, as has been argued, they are so complex that they are often unworkable, and in any case their application is constrained by a great many exogenous pressures on the mission.

To understand the creative process through which resources made available through top-down allocation are fashioned into programs and projects -- in other words, the way AID's general policies and resources are operationalized and its working agenda defined -- it is necessary to understand the strategies used by

AID's entrepreneurial, field-based employees in carrying out their work.

In principle, AID's program cycle requires the mission to develop a country strategy informed by current development theory and policy, consistent with U.S. interests, based on AID's comparative advantage, and responsive to the peculiar developmental needs of the host country. Projects and nonproject modes of assistance are then selected to implement the mission's strategy.

In practice it has seldom been possible for AID's African missions to follow this procedure. The mission's freedom of choice is limited by several considerations in addition to the external pressures discussed previously. Unless the country program is new or in a state of rapid expansion, the mission finds most of its forward funds encumbered by ongoing and approved projects that cannot easily be discontinued, even if they are no longer supported by Washington's "policy climate." The mission may also have committed itself to particular host country officials and priorities. Or it may feel committed to extend an initiative to try to make good on sunk investments.

Mission management is also constrained by the size and skills of its workforce complement. Given the time-consuming complexity and time-driven nature of AID's programming procedures, it is simply not practical to engage in extensive analysis or in exploring alternative projects in more than cursory fashion. The mission is under more pressure to put together a plausible

program and to obligate available funds than to consider the opportunity costs of potential options.

Paradoxically, missions with new or rapidly expanding programs, and therefore the widest options, generally have insufficient staff or time for thorough analysis. AID addressed this problem creatively by mobilizing outside experts as advisors before starting major new programs in Nigeria, India, southern Africa, and the Sahel. The results of this approach seem positive, but it has not generally been used in Africa once a country mission has been established.

The program strategies of missions in Africa have often been opportunistic, eclectic, and entrepreneurial -- less the result of planning than the sum of their parts. Day-to-day problem-solving has left little time for long-term planning. In such cases the strategy's coherence has been more in the way it has been described to Washington than in the way it has originated or functioned.

To be sure, many of the activities in the country strategy are the result of careful analysis and planning, but many others represent "targets of opportunity" that present themselves to mission management. Their origin may be a host country request, the politically determined selection of a region, the availability of funding and technical advice through an AID/Washington centrally funded or regional project, pressure from a U.S. special interest group, or simply the enthusiasm of the mission director or an entrepreneurial individual on his

staff. The final selection of projects cannot be based on a careful assessment of all the relevant variables in alternative courses of action. Because of the need to move ahead in the face of many uncertainties, choices must depend on a best-guess approach and the implicit use of a simplifying list of questions, most or all of which should be answered in the affirmative:

- Is the proposed project consistent with actual AID policy - that is, the policy embodied in Washington project approval decisions rather than in policy papers?
- Is it consistent with the mission's analysis (in its CDSS) of the way that AID policy should be adapted to host country conditions?
- Is it acceptable to host country political leaders?
- Is it acceptable to a host country ministry or agency that will be responsible for implementing it?
- Will the project complement or balance the mission's "portfolio" of projects? For example, a mission that has a strong program in agriculture and health-care delivery may desire projects in population or education. This desire for a balanced, or at least a mixed, portfolio is partly a reflection of AID's Congressionally mandated "functional accounts" and partly a risk-aversion strategy on the part of the mission director, who does not want to put all his eggs in one sectoral basket.
- Is the cost of the project consistent with the mission's budgetary levels or aspirations?
- Does the mission have a sufficient workforce with appropriate skills to manage the labor-intensive process of project design?
- Are there likely to be any special objections to the project raised by the U.S. ambassador or particular members of Congress?

Even though the potential impact of the project on development may be of great significance to the mission staff, AID's

organizational incentives do not necessarily give this a high priority in project identification and selection.

Regardless of its origins, a particular project usually takes the form of a fairly specific activity as a solution to a problem. As such, it soon gains a momentum of its own. Even in its early stages the project idea may represent a commitment to a particular host government agency or to political officials to deliver more or less well-specified resources. Whether or not this sense of commitment exists, it becomes increasingly difficult to stop a project once scarce mission staff time has been invested in it, even if it becomes evident upon further analysis that the project presents many problems.

It occasionally happens that the mission becomes committed to a project which, rightly or wrongly, lacks a constituency in the host country or is even opposed by the ministry toward which it is directed. In extreme cases this has led to eleventh-hour high-level efforts by the mission director, or even the ambassador, to pressure the ministry to accept the unwanted project. Not surprisingly, such projects are often later the objects of benign neglect by the designated implementing agency.

In identifying and designing projects AID employees must, to some extent, use simplifying models. This strategy enables them to cope with the complexity of AID's design and review requirements, the uncertainties of development work, and the diversity of African conditions. But it is not without costs. Models may be based in part on broad historical experience, such

as the Marshall Plan in Europe or the American experience with the land-grant agricultural system, rural electrification, or range management. Often, however, they are grounded in past development projects or programs with which AID employees and its contractors are familiar. Such projects, or components of them, can be used to provide guidelines for everything from the rationale to the technology and institutional arrangements of a new project. Often, because of small mission size and the pressure to design projects, the same project design officers have been responsible for "families" of rather similar projects in several African countries. This was the case, for example, with many of AID's pastoral livestock projects and production-oriented area development projects in the 1970s.

The use of simplifying models rests on the explicit or implicit assumption that the context of the problem being addressed is similar to that of a problem addressed previously and that the earlier project was successful in meeting its objectives. Such a strategy for allocating resources has proved reasonably efficient when these conditions are met -- as they have been, for example, with projects involving many types of infrastructure as well as higher agricultural education.¹⁵ In such cases, the use of familiar models not only simplifies AID's work and ensures workable project design, but it increases the likelihood that AID will be able to find contractors to implement the project who share the model's conception of the task. But when simplifying models are not well suited to the host country

context, their use tends to "short-circuit" the project design process, to contribute to problems in project implementation, and to reduce the project's impact. This happened with many of the people-oriented, targeted projects of the 1970s.

The use of a project model generally means that fundamental decisions concerning project design are made at a very early stage. The result is that alternatives tend to be ruled out without ever having been given serious attention, thereby vitiating the logic of AID's design process. That process assumes that project design entails a hierarchical, sequenced series of choices about the allocation of resources. Choices made early in the sequence involve a wider range of alternatives -- for example, between sectors or regions -- and require rather general types of data. Choices made later in the sequence involve a more restricted set of alternatives -- for example, between crop varieties, techniques for extension, or user-cost rate structures -- and require more specific types of data. By beginning with a model solution, many alternatives are precluded from the outset. Nevertheless, because of AID's project documentation requirements much design effort is devoted to rationalizing, post hoc, choices that in fact were never considered. Furthermore, depending on how great AID's need is to approve the project, the project design team may find itself under pressure to disregard the views of technical and country experts, host country officials, and members of other groups whose interests will be affected by the project.

Incorrect assumptions introduced in the design process can not only be expensive for AID in time and dollars during project implementation but frustrating and demoralizing for its employees, consultants, and contractors as well. For this reason the tendency to use previous projects as models can be costly and can inhibit learning for many years. AID efforts to draw lessons from project evaluations and to conduct ex post evaluations some years after project funding has ended are directed to this difficulty and have led the agency to discontinue some types of projects. New project models may be based on experimental research findings, as was the case to some extent with farming systems research, on a new hypothesis about the nature of the problem to be solved, on a particularly successful local development initiative, or on the efforts of a contractor.

Designing projects within the AID system gives considerable scope to the creativity of its more entrepreneurial employees. For this reason AID's projects are greatly influenced both by these individuals' substantive knowledge, experience, and familiarity with specific types of projects, and by organizational incentives generated within AID to which they must respond. When a proposal is funded, AID becomes committed to the particular conceptions, formulations, technologies, and approaches it promotes.

The entrepreneur's bureaucratic skills are as important, if not more important, than his expertise in development or knowledge of the host country. The successful entrepreneur must

capitalize on available funds, cast his proposals in the current policy idiom and, to a greater or lesser extent, provide information and analysis that makes them plausible if not compelling. But this is not enough. He must also be adept at shepherding his proposals through the hazards of the review process through which funding choices are actually made, not so much by explicit bargaining as by attending meetings, writing memos, and mobilizing the support of a coalition based on previous association, common interests in development, commitment to a technology or contractor, or common professional background. Thus he is a member of task-oriented, cross-cutting working groups, possesses a well-developed information network, and can defend his bureaucratic turf. He has friends in key offices and bureaus in Washington and perhaps in the Congress as well.

Entrepreneurial roles may be located anywhere in the organization -- in the missions, the regional bureaus, or the support bureaus -- though the beginner has more scope for action in the field. They are not restricted to the upper echelons of AID's hierarchy. Indeed, able and enthusiastic individuals are often surprised at the initiatives they can take soon after "coming aboard." Many of AID's more innovative activities originate with entrepreneurs located on the periphery of the organization -- in the field, in the Bureau for Science and Technology, or the Bureau for Policy Planning and Coordination, for example -- who have been brought into AID on a temporary or permanent basis

because they have specific expertise thought to be needed after a policy change.

The entrepreneur's professional background and experience has a direct bearing on the kinds of activities he promotes. As the Secretary General of Agriculture of one country has noted: "If they send a livestock man, you can be sure we'll get a livestock project." This observation applies not only to general sectoral interests but to specific definitions of problems and technical solutions. In a very real sense, aid entrepreneurs "have solutions looking for problems." Particularly for entrepreneurs with a primarily technical background, this approach contributes to a persistent neglect of cultural and social factors, economic incentives, and opportunity costs.

Impact on Country Programs

The changes made in AID's policies and procedures in the early 1970s made it difficult for missions to program additional funds for such activities as higher agricultural education and transportation in which AID had experienced considerable success. The New Directions thrust pushed them to undertake new types of projects that would directly benefit low-income rural people. It is clear that AID management in the countries reviewed for this study would not have introduced this shift in their country strategies and project portfolios on the basis of

their experience or knowledge of host country conditions or commitments.

The impact of the New Directions policies on the content of AID's programs in agricultural and rural development differed from country to country, according to the status of AID's earlier assistance program, pressure to increase the level of assistance due to U.S. foreign policy concerns, and the mission management's perceptions of the host country context. In all countries, however, the new policy and programming environment lead to an increase in what, in hindsight, appear to have been highly problematic projects.

New Directions, coupled with Congress's increasing concern about accountability, required AID to projectize most assistance at a time when funding levels were rising. The task of designing and implementing targeted projects that would provide agricultural benefits directly to low-income rural groups presented AID missions with a number of problems.¹⁶ Some had to do with social and cultural factors, some with host country absorptive capacity, and some with AID's own capacity to carry out this type of work.

Attempts to change the behavior of low-income people in Africa must be based on a realistic understanding of how they make a living, how they view their needs and wants, and how they are organized to cope with risk, to control access to natural resources, and to deal with the government. Moreover, no matter how well project planners take account of such factors, project

implementors must learn as they go, listen to people, and respond flexibly to the problems that arise. Since change is likely to be slow and uncertain, it is difficult to plan for it within a relatively fixed three- to five-year project framework. What is often needed is a long-term, incremental process rather than a project.

The proposed activities must be sequenced properly in relation to each other and to other developments in the host country. Appropriate technologies must be developed or adapted, not simply assumed to exist. Administrative and support services in the country must function and be coordinated. If the host government is expected to contribute to maintenance and recurrent costs during and especially after the life of project, it must not only have the revenue to do so and share AID's general objectives but must also view the project beneficiaries, intended or otherwise, as a significant political constituency.

Several other prerequisites must also be met. It is difficult for a mission to design and implement a project unless there are agreed upon and appropriate models for its main component activities and AID can find contractors who are experienced with adapting them to a developing country.¹⁷ Last, but by no means least, the project must anticipate and realistically address the logistic and procurement problems associated with activities in many African rural areas.

In light of these observations, it is clear that many of the tasks entailed in the targeted projects that AID missions were

urged to undertake in the early 1970s were "problematic" -- that is, they were inherently difficult, were out of sequence with agricultural research, infrastructure, and administrative capacity, and placed unrealistic demands on AID's design and implementation capacity under African conditions. At the same time, pressures to meet obligation deadlines and fit programs to available funding and political priorities created strong incentives for AID's entrepreneurial managers responsible for project design and approval to downplay the problematic nature of these tasks.

Project success is linked to the ability of those who implement projects to carry out these "problematic tasks." The effect is, to a large extent, cumulative. That is, the more unrealistic assumptions there are in a project's design, the greater the likelihood that severe problems will be encountered during implementation. Thus, for example, the approach taken by AID to pastoral livestock development, crop production, and integrated rural development has tended to be based on many unrealistic assumptions and to be comparatively ineffective, while its approach to higher agricultural education and rural infrastructure has been more realistic and therefore more effective.¹⁸ AID's approach to some other activities, such as seed multiplication and agricultural research, has involved fewer incorrect assumptions but, because of the linkages among components, those assumptions have been very damaging.

The lack of success AID has had with these problematic tasks tends to override country-specific differences.¹⁹ This suggests either that these tasks are inherently difficult, that AID lacks the capacity to carry them out, or both. Whether other development agencies or private voluntary organizations have greater capacity to carry out targeted, people-oriented agricultural and rural development activities, and whether these are an appropriate part of a balanced strategy, is beyond the scope of this report. It is evident, however, that AID's comparative advantage does not lie in this area.

Many of the problems I have been discussing have also proved troublesome in more orthodox types of AID activity, including higher agricultural education and agricultural research. But they appear to be less acute in such cases. American institutional models can be more easily transferred and adapted to African conditions in these modern sector activities. American contractors familiar with these models and willing to live in Africa are easier to find. The activities themselves are generally of higher priority to African governments and their more vocal constituencies.²⁰ In addition, articulate constituencies for these types of activities in the United States put pressure on the Congress and AID for continuing support, and they often maintain professional and institutional linkages with the institutions they help to establish in Africa.

AID PROCEDURAL AND ORGANIZATIONAL REFORMS IN THE 1980'S

Since the late 1970s AID management has made a number of changes in organization and procedure.

To enhance the comparative advantage of its overseas missions, the Agency undertook a program of decentralization. Middle management in Washington has been reduced, and mission staff size maintained as much as possible. Greater project approval authority has been granted to the missions. Project Papers have been shortened, and the average time for project design and approval has been reduced. The length of tour of AID employees overseas has been lengthened by eight or nine months since 1981 to cut costs and increase mission staff continuity, and increasing use has been made of foreign nationals. AID obtained the authority to deobligate funds from projects that are lagging and to reobligate them to other projects, though only for activities within the same functional account. Greater emphasis has been placed on project implementation, as opposed to design, by hiring additional contract officers and administrative officers and redesigning in-house training programs to emphasize the management of implementation.²¹ In addition, AID is providing more financial technical assistance to local administering units to foster their use of audit as a management tool.

To address AID's weakness at designing and implementing small, flexible, people-oriented projects (and to facilitate compliance with budgetary earmarking) the Agency has established "umbrella"

co-financing projects in five countries (as of June 1986), including Kenya and Senegal. Under this arrangement a line of credit is set up between a PVO management unit and the host government; individual PVOs, both U.S. based and indigenous, may then apply to have individual activities approved and funded without recourse to AID's usual approval system.

To alleviate problems associated with project design, project proliferation, and recurrent costs, AID has reduced the number of new projects in Sub-Saharan Africa from about 63 in 1985 to about 33 in 1987, while increasing project size and duration. It has also relied more heavily on nonproject modes of assistance, which it tries to link to policy reforms and structural change. It has initiated the new African Economic Policy Reform Program to help African governments defray the costs and risks associated with such change.

To improve its "institutional memory," AID has been seeking since the early 1970s to strengthen its evaluation and information capacity. Project evaluations, some of which have been cited above, are usually frank, self-critical, and as analytically sound as is possible given severe data constraints and weak monitoring of the impact of projects. AID's Center for Development Information and Evaluation provides information from AID evaluations and other sources in response to several thousand requests a year. Since the late 1970s AID has also conducted ambitious impact evaluations of projects, programs, and broader

issues. The present study has made extensive use of all these sources of information.

While most of these changes are useful, their positive impact may be swamped by continued and even intensified pressure on AID. As AID's Administrator, Peter McPherson, noted in his prepared testimony for the Congress in 1986, "The proliferation of 'priority' areas and the earmarks on assistance (still) create a web of constraints which reduce AID's ability to pursue coherent development strategies effectively responsive to individual countries" (McPherson in AID Oversight Hearings 1986, p. 195). Budgetary restrictions are of many types. For example, some 75 percent of Economic Support Funds are earmarked for individual countries on nondevelopmental grounds. About 13 percent of development assistance funding is earmarked for PVOs and cooperatives. Some 18 percent of ESF-funded commodity import programs must be used for agricultural commodities. And 10 percent of development assistance is earmarked for minority-owned firms. The tendency to earmark has been on the rise during the 1980s.

Micro-management by the Congress continues. In 1985 alone, AID provided 849 congressional notifications totaling 1,700 pages. AID estimates that it devotes more than 200 person-years per year to its interaction with the Congress.

Pressures on AID from special interest groups are unabated. The head of AID's Africa Bureau reports, "I just spend too much time fighting off the special interest brush fires, both, again,

within AID and outside of AID..... Clearly, effectiveness and impact suffers from all of this. It is almost what I would call the 'Johnny Appleseed' approach to development, where we merrily go across the continents, just dropping projects all over the place, without trying to figure out what is best or saying no." (Edelman in AID Oversight Hearings 1986, pp. 137-38.)

Despite AID's increased emphasis on implementation, many problems remain. New regulations and set-aside requirements have made contracting more difficult than ever. Staff cuts have left AID mission personnel with less time to devote to project supervision. Indeed the tendency to equate success in implementation with the ability to disburse funds does not necessarily encourage staff to focus on essential but difficult activities. Delegating authority to the missions is doubtless desirable, but it does not, in itself, provide mission personnel with development skills, in-depth country knowledge, or the incentive to undertake long-term programs that may be essential to balanced growth.

The increased funding of small-scale PVO projects may be appropriate for some activities but will not take the place of support for essential government services. Nor will it overcome those problems that trace back to overly optimistic assumptions about technology and institutional transfer.

Increased reliance on policy dialogue and nonproject assistance may be desirable and necessary for a time, but it is not without risks as well as benefits. First, past experience in

Africa indicates that donor advice is not always correct. Second, AID is not well staffed with economists and other social scientists who can anticipate the likely consequences of standard policy prescriptions in a particular African country. Third, policy dialogue coupled with conditionality often creates poor working relations between the mission and host country officials, as has been case recently in Kenya. Fourth, many of the pressures and incentives that cause AID entrepreneurs to make unduly optimistic assumptions or to be less than honest in their reporting can influence nonproject as well as project work.

CONCLUSION

Throughout this report I have tried to show that many of the well-recognized and well-documented difficulties constraining AID project design and implementation are symptomatic of underlying and enduring structural contradictions in AID's objectives that are reflected in its procedures and incentives. The analysis suggest that the best solution to these endemic problems lies in modifying the Agency's institutional and individual incentive structure, rather than in issuing additional guidelines, imposing internal regulations, or adopting new management systems.

Reforming AID procedures will not be easy. Changes in procedures should be designed to further reduce the time and effort missions devote to designing and managing new and complex projects and preparing other advocacy documents, and should

encourage them to give more attention to host country problems and to project implementation and impact. Official reporting requirements should be modified to create incentives for AID staff to work with counterparts. There is a need, in short, to shift the locus of mission attention from AID's own programming problems to supporting existing institutions and making them more effective. This shift would help to check the tendency of donor assistance to foster the proliferation of projects and the expansion of government. It would also encourage better coordination with other donors. Indeed, when several donors fund a technical assistance team, foreign advisors seem more likely to give priority to the needs of the host government than to the preoccupations of a particular donor.

Some simplifying modifications in AID procedures have already been made. Others can be made without great difficulty. More fundamental changes will not be easy and cannot be made without the cooperation of the Congress. In the longer run, the Congress needs to find mechanisms for giving AID multiple-year appropriations and more flexibility in programming these funds, while at the same time holding the Agency more accountable for the developmental impact of its programs. Such changes will require that AID, together with other members of the development community, help the Congress and the public to gain a more realistic picture of what needs to be done to promote agricultural and rural development in Africa, and how long it will take.

The kinds of change I envisage would encourage AID to adopt a less defensive, more flexible, error-embracing approach and to welcome more participation in its deliberation by outside African and American experts and critics. Greater reliance on a more flexible approach, along with a greater emphasis on effective, informed, and patient policy dialogue and non-project assistance, would require greater analytical skills and country knowledge in the mission but fewer personnel. Mission staff would have a greater incentive to update their skills and broaden their understanding of the host country and region.²² And AID/Washington would have the incentive to help them do so by providing short- and long-term training and by establishing coherent career ladders.

would require greater analytical skills and country knowledge in the mission but fewer personnel. Mission staff would have a greater incentive to update their skills and broaden their understanding of the host country and region.²² And AID/Washington would have the incentive to help them do so by providing short- and long-term training and by establishing coherent career ladders.

Note

- 1.. This report draws heavily upon material I prepared for the World Bank study "Managing Agricultural Development in Africa," and presented in MADIA Research Report # 12 AN ASSESSMENT OF AID ACTIVITIES TO PROMOTE AGRICULTURAL AND RURAL DEVELOPMENT IN SUB-SAHARAN AFRICA by Bruce Johnston, Allan Hoben, Dirk Dijerkman and William Jaeger. This report will soon be reproduced and distributed by AID. While I have benefited greatly from comments and insights provided by colleagues, Uma Lele and many employees of AID, the views expressed are my own and do not necessarily represent those of my colleagues, the World Bank or AID.
- 2.. The fit between AID's organizational structure and its tasks is discussed by Tendler (1975, pp. 12-22) and Siffin (1974).
- 3.. Capital projects, which were clearly differentiated from technical assistance for historical reasons, required economic and technical analyses and more complete documentation.
- 4.. AID did not request authority to include its personnel in a career system until 1966 (Tendler 1975, p. 16).
- 5.. The FSR category, established by the Foreign Service Act of 1946 for the use of the State Department and AID's predecessors, was incorporated into the Foreign Assistance Act of 1961, Section 522.
- 6.. The Herter report argues that "They will be forced to identify with their profession... The decisive reason not to include these specialists in an AID career system is that, in the main, the career contexts and career loyalties of the best professionals lie with their professions and the whole range of activities with which those professions are associated." (Cited in Tendler 1975, p. 20.)
- 7.. Many of the pressures on AID discussed in this section were not new. Their effect became more pronounced, however, as public disenchantment with foreign policy and foreign aid increased and the mounting costs of war limited resources devoted to development in non strategic areas.

- 8.. A useful discussion of the determination of United States foreign aid policies is found in Morss and Morss (1982, Chap. V).
- 9.. A useful analysis of this concept of "manifest destiny" and its uses by American presidents is to be found in Berg (1976, pp. 99-110).
- 10.. Each year a few employees are granted long-term training leave.
11. Though it is surprising to outsiders, pressures from the Ambassador are not necessarily the same as those from the State Department in Washington. The former not only feels he has a first-hand perspective on local conditions but also has a greater incentive to maintain cordial relations with host government officials. In either case, these pressures can be much more specific and situational than the general intervention of the administration in determining AID levels, as discussed previously.
12. The State Department can make funds available for this purpose through the Migration and Refugee Assistance Bill.
- 13.. All of these persistent problems are documented in the six country studies. It is interesting that many of the same difficulties have constrained the efforts of other donors as well (OECD/DAC 1984, p. 11).
14. This statement requires some qualification. Individual AID employees with outstanding leadership qualities occasionally manage to obtain higher funding levels for their mission or program. The genesis of the Sahel Development Fund, for example, owes much to the efforts of one such individual.
- 15.. Simplifying models have other functions in development agencies. Regardless of whether they are based on experimental evidence, disciplinary dogma, past experience, or merely professional folklore, the theories inherent in past projects have an important cognitive, evaluative, and expressive role in the world of the developer. Thus, these paradigms of and for development have provided the personnel of donor agencies with shared ways of thinking and talking about what they are doing and of explaining why they believe it will work to those on whom they depend for funding.

Like other models, development models not only provide criteria for choosing between alternatives, but they define these alternatives and hence the kinds of information that are considered relevant to making the choice. In this way, they generate their own categories of data, which lend them a comforting aura of concreteness. For example, the "model farmer" paradigm, which held sway recently, rested on the self-fulfilling assumption that progressive farmers have larger landholdings because they are progressive, whereas smallholders are inherently more traditional. Aid, therefore, should be given to those who

have the attribute of being progressive. Alternative hypotheses concerning the political-economic bases of wealth were not explored, nor were data gathered that could have tested them.

Like other long-used conceptual paradigms, development models are not challenged easily by factual evidence of failure, for they provide a rationale for explaining away their apparent lack of success and for shifting the blame to others. For example, since it is often assumed that pastoralists are not responsive to price, their failure to sell livestock in a marketing project is taken, prima facie, as evidence of their traditional values, and more rational explanations are not sought.

16.. The problems noted here are those typically associated with projects that attempt to deliver a highly specific service or supervised technical package to farmers rather than funding generalized "enabling" activities such as the provision of rural infrastructure.

17.. It appears that agreement or lack of agreement on the appropriateness of models is only partially an empirical question. United States interest groups differ sharply in their views on the desirable direction of change in African agriculture in regard to scale, crops, and mode of organization.

18.. It is important to maintain the distinction between the goal of an activity and the approach taken to attain the goal. In development work this is often not done. AID's lack of success with an inappropriate approach to pastoral livestock projects, for example, has led AID management to drop activities in this sector without seriously considering whether other approaches should be explored.

19.. By extension it appears that differences between AID's performance in the six countries are as much a function of the types of activities it happened to undertake as of host country factors or the quality of project design and management.

20.. In the past this was less true of agricultural research than other activities, though Kenya was a partial exception.

21.. This change was accompanied by a reduction in staff training in development.

22. AID might, for example, introduce a job classification called "country specialist." This would enable the Agency to reward individuals who acquire expertise in a country or a region such as the Sahel or East Africa. Country specialists would increase AID's institutional memory and would be able to analyze a country strategy and projects in light of AID's past implementation experience in that country. They could also serve as the AID liaison officer with outside experts. Indeed, I believe that

missions should be encouraged to make repeated use of outside experts with an intimate knowledge of a particular country. A funding mechanism could be devised so that missions and AID/Washington could bring in such individuals for periodic consultations when strategic decisions are under consideration. Such an arrangement would contribute to building an institutional memory in an AID mission that would be longer than the length of time spent in the mission by the AID staff member who has been there the longest; it could also smooth discontinuities caused by staff and contractor rotations. These outside experts could perform a screening function, judging strategy components and project ideas against special circumstances in a particular country.