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DEVELOPMENT ADMINISTRATION STRATEGY PAPER

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DEVELOPMENT ADMINISTRATION STRATEGY PAPER

EXECUTIVE SUMMARY

A. Policy

Congress has long stressed the importance of institutions and of public and private management in development. This view is clear upon a careful reading of Sections 102-105 of the Foreign Assistance Act. Two recent events symbolize renewed donor concern for the role of institutions and management. First, AID's emphasis on institutional development -- defined to include management. Second, the World Bank's decision to feature "Managing Development" in its 1983 issue of World Development Report.

The term "development administration" encompasses institutional development, public planning and management, and business management. What we are talking about is organization and management -- helping LDCs choose ways to structure development tasks and to use effective means to accomplish important ends. Institutional development (ID) approaches described in the ID policy paper are an integral part of the DA strategy.

Development administration (DA) serves all of AID's specific policy objectives -- institutional and human resource development, private enterprise, technology transfer, and reform of economic policy frameworks. It also contributes to two essentials of LDC and AID programs -- implementation and accountability.

Management improvement is a necessary element in large numbers of AID projects in every development sector. The selection of specific strategies and approaches should not obscure the general need to build management improvement into all projects whose success depends on it. Policy Determination 69 provides guidance.

At the same time, limited resources argue for focus and concentration, for good use of American "comparative advantage". Relevant U S. experience includes entrepreneurship, local cooperation and government, management training and consulting, and use of technology. Where these elements of our comparative advantage match high priority LDC needs, strategic interventions are worthwhile.

B. Strategy

There are four main elements in AID's development administration strategy

(1) Sector-specific institutional development

Institutional performance in policy formulation, transfer of technology, and program management is vital in public and private ventures and in all the priority development sectors. Program management includes public services and public and private investment. Development administration should help build institutional capabilities in all sectors emphasized in legislative and executive policy. But to what end? AID's new Institutional Development Paper defines it: sustainable benefits for broad groups of people.

(2) Local initiative

Local enterprise -- broadly defined -- is one of the most powerful engines of development. Local entrepreneurship and group cooperation, local government, and provincial development deserve facilitation and management in ways that stimulate local initiative and group self help, but avoid "burdens without benefits" to local people.

(3) Management service institutions

Indigenous capability to provide relevant and practical management training, education, consulting, and applied research is a milestone on a country's path to self-sustaining development. AID needs to reexamine

the benefits of developing indigenous management service capabilities as a complement to participant training and U S. contracts This will take three forms (a) support to LDC management institutes, (b) support to small, high-quality training units through sectoral and training projects, and (c) support to pace-setting regional management and social science institutes as contemplated in the Agency ID paper Priority should be given to (a) institutes that can contribute to other elements of the strategy, and (b) institutes of business management. In all cases, AID should link management service institutions to practical development work

(4) Reform

U S political as well as development interests dictate selective support for central-level reform of LDC economic, financial and administrative structures While sweeping reform efforts seldom produce impressive results there are periodic opportunities for meaningful policy dialogue and incremental reforms supported by AID This element of the development administration strategy will be most relevant in countries receiving Economic Support Funds. It will apply elsewhere as local conditions dictate, for example in reform of recurrent cost finance Indigenous leadership and commitment to change will be the most important criteria Some reform efforts can be supported with new management technologies such as microcomputers and video presentations of policy alternatives

For all four elements the adaptation and application of the best, most relevant "management of change" technologies will be needed It will be a

special responsibility of development administration specialists to facilitate the integration of multidisciplinary contributions in institutional development and program management

C Resource Needs

Four principles will guide resource mobilization and use

1. Rely predominantly on resources external to AID

A. Make more use of LDC institutions and consultants

To strengthen LDC management service institutions AID should use them more, not only for national, but for regional and interregional training and consulting services. This is consistent with element three of the strategy and also with institutional development policy. More use of developing country consulting firms will strengthen that element of private enterprise. To assure quality and promote transfer of successful management practices joint ventures between leading U.S. or LDC organizations and less experienced LDC organizations may be used.

B. Use and nurture high-quality U.S. resources, including minority and small business resources

Transfer and adaptation of management techniques and of capabilities for sustained management services is a difficult and demanding task. Highest quality professional services, including language and cultural specialization, are required of U.S. resources. Hence, expanded long-term use and support of top quality U.S. institutions is essential to meet quality standards for applied research, consulting and field services. Some small

business and minority organizations have demonstrated a strong commitment to continuing international management work, these deserve special consideration in AID procurement.

2 Build an AID cadre of well-qualified technical officers.

All will be S&T officers or associates in development administration. Accomplish this by (a) designating 25 Foreign Service personnel from officers already on board -- most from backstops 12 (Program Management) and 60 (Education), and (b) maintaining about 16 additional DA personnel. Distribution of these officers will be as follows:

	<u>FSO Cadre</u>	<u>GS/AD</u>	<u>IPA or Dual Track</u>	<u>PSSA</u>	<u>Total</u>
Large Missions	10			2	12
Small Missions	5				5
Training Complement	1				1
Regional Bureaus	4		4		8
S&T Bureau	2	3	2	2	9
PPC	1	1	1		3
M/PII/MD	<u>2</u>	<u> </u>	<u>1</u>	<u> </u>	<u>3</u>
TOTALS	25	4	8	4	41

Within the FSO cadre about 15 will be DA generalists (Backstop 12), the remaining officers will have qualifications targeted for management training and institutional development (6) BS 60, financial management reform (2), and urban development (2).

Additional qualified officers who wish to maintain an identification with DA can also be designated S&T associates.

3. Improve technical knowledge and skills of DA officers and of the numerous other personnel with DA/ID responsibilities by (a) selection and career management, (b) periodic meetings for DA officers, (c) inclusion of DA/ID materials in PII/ID courses, and (d) orientation sessions for officers who require DA/ID skills

4. Use top-quality approaches and methods. Improving the performance of developing country institutions demands consistent application of the best available management technology. Advanced research and development must be continuously linked to field applications. Rapid and broad dissemination of improved methods is also vital.

D Implementation Actions

1 Missions

(a) Use the DA Strategy for guidance in programming, technical approaches, and resource mobilization

(b) Lead and cooperate in selection and management of pilot projects and in selection, support and use of regional management and social science institutions (Institutional Development Paper, Recommendation 6)

2 Sectoral Councils

(a) Review sector strategy papers for adequacy of development administration (including institutional development) coverage and for adequacy of related resource mobilization plans

(b) Oversee DA implementation within the respective sectors, guide R&D, and foster multidisciplinary applications of the best available methods

3 Regional Bureaus

Create a development administration implementation group chaired by a person of Office Director or higher rank. In collaboration with the DA Subcommittee/HRSC, the ID Committee, and ST

(a) Establish and maintain a minimum of one full-time direct-hire FSO and one IPA position in DA to provide TDY services to Missions, appraise and backstop Mission service, administer sub-regional service arrangements, work with the HRSC and implement the region's elements of the DA strategy

(b) Review DA functional and staff coverage, including placement and use of direct hire and IPA personnel, and resource needs in each sectoral division,

(c) Guide selection and assign support arrangements for Mission pilot projects and regional management and social science institutions (ID Paper - 6)

(d) Determine needs for continuing external resources for sectoral management support needs of the region not covered by existing resources Negotiate "common theme" coverage with S&T or services for coverage by the regional bureau

(e) Recommend FY 83 budget adjustments and FY 84 allocations to support (a) - (d) above

4 Bureau for Science and Technology

(a) Sectoral Offices

Review and as needed develop programs and resources to assist missions and regional bureaus with DA coverage within sectoral programs Recommend FY 83 budget adjustments and FY 84 allocations to support this work

(b) Multisectoral Development Office

(1) Provide technical support and R&D leadership to Missions, AID/W offices, the HRSC and other Sector Councils for implementation of the DA strategy

(2) Recommend FY 83 budget adjustments and FY 84 budget allocations to support this strategy

5 Bureau for Management, Office of Personnel Management

With the advice and assistance of the DA Sub-committee of the HRSC

(a) Establish, upgrade, and maintain an FSO cadre of about 25 DA personnel designated from existing staff, mainly backstops 12 and 60

(b) Service in addition, 4 GS/AD and 8 IPA or dual-track personnel

(Of these, all GS/AD and 4 IPAs are already appointed)

(c) Plan and budget for update of AID officers on current state-of-the-art approaches to development administration (including institutional development) and the application of these approaches in USAID programs and projects. Such updating may be included in existing courses and recurrent two-week orientation seminars to be attended by all Agency S&T DA officers and associates and by officers responsible for sectoral projects or for program oversights as space permits.

6 Bureau for Program and Policy Coordination

(a) Policy Development and Program Review

Review existing CDSS and project guidance and revise it as required to make managerial and institutional development considerations integral to country strategies and project design/implementation

(b) Office of Evaluation

Prepare a study of AID project design and implementation experience to determine how these processes can be structured so as to best facilitate effective action on institution development needs (PPC/E with the support of ST/MD already has local government and integrated rural development studies underway)

(Note In addition to USAID funds, an estimated \$5 million per year of AID/W program funds will be required to implement the strategy)

I INTRODUCTION

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

Accumulated experience of the past two decades points to the following critical lessons for AID's development administration strategy for the 1980's

1. Central-level administrative reform programs can be an important first step in attacking public sector management problems, but they are seldom effective in and of themselves. Intervention strategies for organizational change are more effective when linked to specific, incremental improvements in actual program/project performance. This approach mobilizes support from within the organization to enhance development effectiveness. It recognizes that mandating new organizational procedures and systems will not ensure improved performance. Successful institutional change results from engaging the organization more directly with the people it serves and establishing a "learning process" to design and implement programs that identify and address

their needs. Innovations and improvements in field operations then provide the impetus for redesigning organizational structures and procedures.

2. Management and institutional improvement assistance has frequently tried to build capacity at the national level with the assumption that improvements would trickle downward. While national institutions have been strengthened in many countries there has been a lag in administrative improvements at the local level. Village-level services and investment remain weak and ineffective. Design, implementation, and maintenance of investment remain centralized. Local resource mobilization to meet recurrent costs is meager. Means to encourage entrepreneurship and productivity have too often been ignored. To remedy these shortcomings more attention and investment should be directed to improving middle and lower level institutional and management capabilities in ways that foster local self-help.

3. Sectoral concerns that reflect national ministry objectives have tended to fragment local rural development processes. More emphasis is needed on building organizational systems that allow for greater decentralization, operation of market incentives, and the attendant development of local government capacities for the lateral coordination of sectoral services in response to local conditions.

4. Weak public sector institutions have become overburdened with a wide range of planning and management functions. Alternative structures (private enterprise, community organizations, PYOs) can assume a greater role in the development process. Especially in resource-poor countries, these indigenous non-governmental organizations should be identified and encouraged to perform a larger range of development functions.

5 Participant training and the development of LDC training institutes have been insufficiently linked to improvements in organizational performance. Training is over-prescribed as a sole solution to LDC management problems, it is an important component of solving these problems, but cannot do so alone. Training is most effective when linked to the job context in which skills are applied. Many Third World management institutes function as enclaves with little direct involvement in understanding and improving the performance of their own home country institutions. This underutilization of scarce management training and educational resources should be reversed. LDC institutions can provide consulting, research and on the job training services which respond to specific management problems in national and local level businesses and government agencies. Training can become a vital and useful tool if it evolves from a larger understanding of organizational needs, constraints and opportunities.

The central purpose of AID's development administration programs is to strengthen the sustainable management performance of indigenous development institutions, enhancing their ability to effect broad-based improvement in productivity, incomes, and quality of life. Achieving this involves more than increasing the efficiency of central development agencies. It must address the relationships between central and local government on the one hand, and between the public and private sectors on the other. It must also reflect state-of-the-art knowledge of the processes by which effective, responsive institutional capacities are built.

Management has always been an important concern within the international donor community. A resurgence of interest is manifested in the World Bank's decision to make "Managing Development" the theme of its 1983 World Development Report. Indeed, the concern is such that some observers suggest that the 1980's may become known as the "decade of development management."

AID has taken a leading role in supporting the research that has highlighted both the needs and opportunities for new initiatives. AID is now committed to advancing the research and applying this new knowledge in collaboration with other major donors.

II POLICY GUIDANCE FOR THE DEVELOPMENT ADMINISTRATION STRATEGY

Four Sections of the Foreign Assistance Act mandate management assistance. Sec 102 calls for public administration assistance including "institution building," "planning," "administrative capability," and "development administration." Sec 103 calls for "creation and strengthening of local institutions linked to regional and national levels," as well as financial institutions and "food policies and management." Sec 104 notes the need for "measures to improve management of health programs." Sec 105 authorizes assistance "for education, public administration, and human resource development." The distinction made by the Congress between education and public administration has often been ignored in the Agency's program guidance.

Policy Determination 69 (1977) continues to provide valid guidance. It was based on a task-force review of AID development administration and management improvement programs. P D 69 begins with the most widely accepted guidance: "It is AID policy to assure the existence or development of competent management in the specific host country institutions responsible for carrying out AID-financed programs and projects to assure with reasonable certainty their successful completion." This provision is the policy source of Handbook 3 requirements for administrative feasibility and implementation analyses. Current emphasis on policy reform, the private sector, technology transfer, and institutional development gives P D 69 sharper focus.

The approved draft policy paper on institutional development places a major emphasis on strengthening host country organizational effectiveness through improvements in management systems. The paper also expresses the need to foster decentralized enterprise, investment and service delivery through the use of more innovative management technologies. The paper supports the view that effective institutional development occurs where organizations

evolve to fit their environment and adapt to changing needs of client groups. This kind of institutional responsiveness depends on the use of learning approaches that allow organizations to engage in more creative and flexible problem-solving. AID assistance will therefore feature the development of management methodologies which involve greater interaction between the organization and its clientele.

The need to improve host country institutional and management performance is reflected in current CDSS guidelines, particularly with respect to implementation, new technologies, and the private sector. In agricultural and rural development, missions are encouraged to strengthen local institutions in order to improve efficiencies in the use of scarce agricultural inputs and services (such as through improved management techniques in cooperatives or water user associations). Similarly, in the health sector, AID assistance should enhance government capability to plan and manage the extension of health services. In the education sector, the strengthening of local capacities to access, plan and administer education systems, formal and nonformal, will constitute a major area of AID activity.

The development administration strategy emerges from the Agency's current policy emphases, from field experience and experimentation, and from the findings of R&D programs.

Appendix A describes the Agency's present large portfolio of projects with a management improvement focus or component. The life-of-project cost projections for these projects exceeds \$1 billion. Hundreds of millions of dollars are allocated for management improvement functions within this portfolio. Implementation of the existing portfolio of projects with development administration elements as well as the future evolution of the portfolio have important implications for Agency resource needs in development administration.

Field and AID/Washington projects are evolving to address the new policy emphases. The Development Administration Strategy will help encourage and support the selection, design, and implementation of new projects that fit the new emphases.

IV AID'S DEVELOPMENT ADMINISTRATION STRATEGY A DETAILED DESCRIPTION

A Sector-Specific Institutional Development

This element seeks development of institutional capabilities to support sector priorities in specific USAID/host country programs. In addition to basic improvements in the management of service delivery, attention will be given to strengthening policy-making processes that stimulate local and private sector initiative, and to strengthening technology generation and transfer in response to program needs.

This commitment to strengthening managerial and institutional capacities within the context of sectoral development efforts poses an important challenge to the Agency. A current review by AID/PPC/Evaluation of a series of impact evaluations on selected AID development assistance projects concludes that few of the projects evaluated include explicit concern for institutional development. As a result, the projects typically contributed little to the development of institutional capacities for sustained development action after they were completed. This is a situation that the proposed development administration strategy is intended to reverse.

Effecting this reversal requires consideration of two sets of contributing factors. The first set concerns the relationship between successful institutional development and internal AID procedures.

1. The formats of basic planning documents, including the PID, PP, and Logical Framework, focus the attention of project designers on measurable benefits delivered in the project area during the life of the project and on the unit costs of these benefits. Investments in institutional development will normally add more to project costs.

than they will contribute to benefits delivered within the typical project time span. Investments in institutional development must be based on the value of benefit flows beyond project completion and even beyond the specific project area.

- 2 Institutional development issues are invariably complex and sensitive. Dealing with them requires substantial investment of staff time not provided by Mission staffing patterns. Engaging in institutional change may lengthen project design time, and may interfere with meeting implementation schedules. As a result, incentives to give serious attention to institutional development concerns are lacking.
- 3 Standard practice calls for addressing institutional development requirements through training and intermittent technical assistance inputs. While these may produce incremental improvements in efficiency, taken alone they are insufficient to develop sustainable institutional performance.
- 4 As a consequence of staffing limitations and the emphasis of the AID reward system on project design rather than implementation, responsibility for project implementation is commonly turned over to technical assistance contractors. The incentives bearing on the contractor encourage concentration on accomplishment of contractually-specified project outputs as quickly and cheaply as possible, even though this may mean by-passing the relevant development agency and its personnel.

These AID-related factors are further addressed in the recommendations for implementing actions in the Executive Summary. The second set of factors concerns the LDC development agencies with which AID collaborates.

- 1 The normal internal dynamics of conventional, centralized bureaucracies frequently lead to definition of agency purpose and

client needs in terms of expenditure of public funds and extension of public control. In their choice of technology these agencies tend toward the sophisticated and costly, with a preference for standardization irrespective of differing local needs or preferences.

2. These dynamics lead to internal definitions of efficiency that promote actions inconsistent with the goal of building self-sustaining development performance. Assisting LDC bureaucracies to become more efficient in the pursuit of an ineffective operating strategy is counter productive.

These factors point up the tensions between internal efficiency and development effectiveness. Building sustainable development institutions requires organizational changes such that the things an LDC agency does in the name of efficiency contribute to achieving development effectiveness. Thus, technical assistance should help the LDC agency move its approach to "doing business" from one that is internally defined to one that allows for responsiveness to local needs, conditions and preferences.

Effective action depends on the LDC agency working in support of local private initiative. To do so, it must not only be responsive to local preference. It must also define its purposes in terms of stimulating and supporting such initiatives rather than attempting to serve all needs with resources under its direct control. Effectiveness requires a substantial change in basic strategy and a corresponding reorientation of structures, systems, and organizational processes not achieved through conventional training or technical assistance inputs.

Advances in the development administration field have led to the elaboration of "learning-through-action" methodologies designed to stimulate and support these kinds of organizational changes. These techniques can be used by an LDC agency to experiment with more innovative ways of achieving its basic purposes. It can use the resulting experience as a basis for arriving at new strategies and for making corresponding adjustments in structures, procedures, and norms.

AID staff and external support capabilities are not in place to support application of these methodologies in all projects where they might be appropriate. Furthermore, they require additional testing and development within the context of AID's procedural and staffing constraints. This strategy element, then contains both an extensive dimension designed to spread attention to sector-specific institutional development throughout the Agency, and an intensive dimension to foster continued refinement of the learning-through-action methodology. All Missions will be asked to give more systematic attention to the managerial and institutional development dimensions of proposed and on going projects, (the extensive dimensions). Two or three Missions from each Regional Bureau will be asked on a voluntary basis to designate one or two on-going or proposed projects for special attention. These projects will be identified on the basis of the opportunities they present for strengthening institutional capacities in support of Mission priorities (the intensive dimension). The selected projects will receive special staff attention and will be specially documented to speed learning within AID.

The majority of such projects will relate to agriculture, or to small and medium scale enterprise. Each of these sectoral efforts, beginning with irrigation and social forestry will be supported by one or more centrally funded sector-specific contracts incorporating a strong focus on managerial and institutional issues. These will support Mission efforts and help to capture and disseminate experience among Missions on managerial and institutional issues specific to that sector. Additional support will be provided by centrally funded organizations with expertise in management and institutional development. They will work with Missions and with the sector specific contractors. Examples are the USDA Development Project Management Center and the National Association of Schools of Public Affairs and Administration. Certain projects already being assisted by these organizations will also be considered for inclusion in the special project list.

B Local Initiative

Effective local initiative in response to locally defined development priorities requires a creative mix of private and public action, an ability to mobilize local and national resources, and mechanisms for taking advantage of synergies between disparate sector activities. This involves a good deal more than assigning to local governments functions previously reserved for central government. It requires the development of local governments which are accountable to the people, which control their own resources, and which have a commitment and ability to work in a supportive partnership with local private groups. These requirements are not easily met. The current situation in most developing countries departs significantly from the ideal. Local governments are commonly too weak to perform even the most basic governmental functions, are controlled by central bureaucracies and/or powerful local elites, and take little if any role in mobilizing broadly based development processes. This gap sets the challenge to be addressed under this element of the strategy.

Many USAID missions are currently assisting projects intended to strengthen local government in ways contributory to closing the gap. Specifics of these projects vary considerably. A comparative study is now underway to begin assessing the lessons of this experience and the implications for policy guidance in the design of such projects. It is clear, however, that enhancing local government revenue-generating capacity can serve as a mechanism for financing the expansion of vitally needed service delivery (e.g. primary health care, primary education, etc.) and infrastructure.

Two themes underlie the AID development administration strategy in relation to local development. The first is to strengthen the relative financial independence of local development activities. The second is to build a constructive partnership between local government and local private initiative. This may involve channeling management assistance to both local governments and to private organizations engaged in broadly based local development activities.

Both themes must be addressed as long term objectives rather than as short term prescriptions. Specifically, in many instances any action at all by local governments will be dependent on a flow of central financial resources as they build their capacity for development action and ultimately for mobilizing their own resources on a reliable basis. Some may need help with financial management or other basic functions before taking on a more creative development role. Factionalism and distrust between public and private sector groups may make the formation of an effective partnership a difficult and long term undertaking. Initial efforts may necessarily involve working with each on an independent basis until both come to see the mutual advantages of working collaboratively.

Local development assistance efforts should be tied to an on-going policy dialogue at the highest levels of government. Local development projects should be structured so that they help top policy makers better understand the constructive role, potential, and requirements of local development initiatives. The latter point is of special importance. Many governments have made public commitments of support to local development, but relatively few have been effective. Generally, too little attention has been given to building the requisite local capacities to use the new authority or to making adjustments in nationally mandated decision making procedures to insure that local units do indeed have the authority and the support required for effective action.

Many of the observations made above with regard to the first strategy element -- Sector Specific Institutional Development -- apply here as well. Commonly project designs for local development give little attention to how the project will contribute to building institutional capacities. In addition, attention during implementation is likely to be focused on the design and implementation of individual sub-projects, with little concern for how that activity contributes to development of sustained capacities for local development action. AID's own procedures for insuring accountability for project funds contribute to this misplaced emphasis and will require examination.

Few models exist for the type of local development capacities which this strategy seeks to develop. Advances will require a learning-through-action process on the part of everyone involved. Project designs should be structured to support this learning.

This element of the strategy will facilitate documentation and exchange among missions of experience with ongoing local government assistance efforts. A centrally funded contractor will be engaged to assist with this documentation and to facilitate such exchange -- with particular attention to the two central themes of this strategy element. The contractor will assist each mission engaged in such a project to carry out a review of its existing projects against the Agency's policy guidance on local development. Support for specialized functions such as local finance will be provided under existing central contracts and cooperative agreements. Missions will be encouraged to insure that adequate staff are assigned to these projects to insure that the policy dialogue and capacity building dimensions are receiving appropriate attention.

C Management Service Institutions

The first two elements of the development administration strategy emphasize the use of action-learning approaches to the development of recipient country institutional capacities, i.e., learning through doing. U.S. based contractors can play a useful role in this effort. Ultimately, however, such institutional learning processes are most effectively supported by host country research and training institutions which have in-depth knowledge of the national setting. In addition, they can provide sustained inputs of skilled manpower over an indefinite time period. Thus the third element of the strategy is to develop such institutional capacities, and use them in support of the first two elements of the strategy.

Concern for development of institutions devoted to training and research in administration is not new to AID or to the donor community. A substantial number of such institutions were established throughout the developing world during the 1960's and 1970's. A very few of these have assumed unusually important and creative roles in strengthening the management

of public and private sector organizations within their service areas. Several are making important contributions to advancing the state of the art in development management. Others are performing a useful function by providing basic administrative training, primarily by making available the tools and methods of Western management practice to large numbers of students. Still others continue to operate, but remain peripheral to the real needs of their societies. They provide routine training but contribute little to the real performance needs of their client organizations. As a general rule, the most influential and relevant institutes have been more aggressive in moving beyond routine training to an active role in assessing and responding to the specific management needs of critical agencies and enterprises within their particular setting.

The range of existing capacities is substantial. It includes such highly distinguished institutions as the Asian Institute of Management (AIM) in the Philippines, the Indian Institute of Management at Ahmedabad (IIMA), and the Central American Institute of Business Administration (INCAE). In many small countries, a few large countries, and most African countries the institutional base is very weak in meeting basic management training needs. The typical mid-range situation is one in which a number of institutions are offering credible programs based largely on ideas and materials imported from the West. However, these entities are usually not working with managers of significant local development institutions and enterprises to address their problems from local perspective.

The basic premise of AID's development administration strategy is that relevant institutional capacities are most effectively built through collaborative efforts to solve real management problems of organizations working in the institute's country. This must be combined with opportunities for documentation, reflection, and translation of these experiences into relevant training materials. Management training may begin with a basic level of preparatory training provided through established courses and degree programs. But institutions which stop at this will make only a marginal contribution.

The proposed strategy encourages using local institutions to provide technical and training assistance for AID Mission projects and programs. It further recommends use of long term agreements structured so that the experience will contribute to the continuing development of the assisting institution. This suggests the use of cooperative agreements which combine service with research, faculty, and curriculum development, or the provision of supplemental grants to cover documentation and related research. The strategy also calls for use of local or regional institutions to the extent feasible to provide for inservice, BA, and Masters degree training needs in management. U S Ph D training should be reserved for faculty development of local research and training institutions.

Specific actions must of course be adapted to the specific setting. Thus some missions may find it possible to draw directly on premier institutions such as AIM, INCAE, and IIMA to provide long term research, training, and technical support for sectoral and local institutional development efforts. These institutions may also serve as regional resources, serving as models and sources of assistance in developing similar capabilities within the region. Steps will also be taken to utilize them as regional training centers for AID staff and staff of recipient agencies.

In the more typical country setting competent management training institutions are in place, but have much less experience with the type of assistance role proposed. Missions may help them develop such capacities through increasingly more challenging involvements in support of AID funded projects. Even in small countries it is often feasible to use and build the capabilities of small innovative management training teams. In cases where existing capabilities are particularly weak or non-existent, more basic institutional investments may be required including substantial investments in out-of-country training for prospective trainers or faculty.

Most of the observations made above apply equally to the development of supporting institutional capacities in the social and technical sciences. Both sciences must serve as critical inputs to sectoral and local

institutional development efforts. The strategy also recognizes the potential role of local private consulting firms, both profit and non-profit. In many instances it will be appropriate to support the further development of such firms by using them in ways which both draw on and contribute to the further development of their capabilities.

D REFORM

This strategy element focuses on central-level reform of LDC economic, financial, and administrative structures. It gives attention to economic policy frameworks, revenue collection and expenditure systems, and administrative structures and procedures within and between public sector organizations. The strategy advocates selective support for LDC reform efforts when these are initiated by LDC governments themselves, and when they offer the potential to leverage the development impact of other AID-assisted activities.

This perspective on reform pinpoints its importance as a support mechanism that can strongly influence both the initial and continuing results of development activities. For example, changes in economic policy can affect the operating frameworks for private sector business and industry. LDC government openness to such changes represents a significant opportunity for Agency intervention that can lead to more effective programming and use of LDC resources and AID country assistance.

Similarly, financial and fiscal reforms hold the potential for generating more revenue and for disbursing it more effectively in the service of development objectives. Increased LDC ability to meet recurrent cost requirements impacts directly on sustainability of service delivery and investment.

Reform of administrative structures and procedures can also affect the environment in which development actions are undertaken. Elimination of overlap among ministries and specification of objectives lead to better resource utilization. Attention to factors influencing the attractiveness of

public sector employment directly relates to the size and quality of the skilled manpower pool available for development work. Many AID-assisted projects fail to reach their potential due to lack of counterpart personnel available to work with expatriates and able to carry on once assistance is terminated. Basic personnel, salary, and pension reforms can impact importantly upon this factor crucial to program and project implementation success, but which lies beyond any individual project's control.

Reform, then, serves to support the other elements of the development administration strategy. It can enhance the prospects for successful institution-building through changes in policy, financial resource availability and use, and administrative systems. Local initiative is also affected, particularly by business and decentralization policies. Management service institutions are impacted by administrative reforms touching on personnel since most of their professional employees are part of the public sector workforce. While removed from direct impact on local-level development action, reform efforts are an essential ingredient of the proposed development administration strategy because they address changes in the policy, financial, and administrative frameworks in which development action takes place.

V FRAMEWORK FOR STRATEGY IMPLEMENTATION

The most significant constraint to strategy implementation is the limited size of the pool of people and institutions conversant with and skilled in the application of action-learning approaches to institutional development on which the strategy is based. Thus, strategy implementation must build from existing centers of strength in ways that add to their strength and simultaneously achieve rapid expansion of the size of the pool. Capacity-building will be based on learning from on-going AID project experience. Steps will be taken to strengthen and expand existing communication networks to speed the assessment of this experience and the application of its lessons.

The existing centers of strength around which strategy implementation will be built are of several types

1. USAID Missions A number of USAID missions have exhibited particular interest in the capacity building issues addressed by this strategy and are currently committed to projects which could contribute substantially to Agency learning. A selected number of such missions will be asked to participate initially as special collaborators. Preliminary discussions with Regional Bureaus suggest that candidate missions include the following

Latin America

- a) Ecuador
- b) Panama
- c) Dominican Republic

Asia

- a) Philippines
- b) Thailand
- c) Indonesia

Africa

- a) Senegal
- b) Kenya

Near East

- a) Egypt
- b) Morocco

2. AID Staff AID has among its own direct hire staff a number of individuals with particular interest and capacity to assume leadership roles in the implementation of this strategy. These come from a variety of academic backgrounds and hold diverse assignments within the agency. They constitute a critical agency resource for implementation of the strategy.

3. Regional Institutes A small number of regional institutions have state of the art capabilities and an expressed interest in working with AID on the implementation of this strategy. These include AIM and IIMA in the Asian region, and INCAE in the Latin American and Caribbean Region. IIMA also has involvements in Africa and the Near East. The Interamerican Institute for Agricultural Sciences (IICA) based in Costa Rica is also an important regional

resource The Eastern and Southern African Management Institute (ESAMI) in Tanzania is an important training center that can build into a broader regional resource institution for Africa Other institutions at both national and regional levels are doing good work and should be used and helped to grow.

4 U S Contractor Groups Several U S based contractor groups have been primary contributors to state of the art developments in this field they are important members of the primary resource pool These include Development Alternatives Incorporated (DAI), Cornell University, Syracuse University, the National Association of Schools of Public Affairs and Administration (NASPAA), and certain of its members, and the Development Project Management Center of the U S Department of Agriculture (DPMIC) Minority institutions including the International Institute of Public Management and Jeffalyn Johnson Associates have recently been helping AID define innovative approaches to serve DA field needs and utilize new technologies Certain small business firms such as Clapp and Hayne, and Action Programs International have participated heavily in DA field work In addition there are a number of individuals who constitute especially important resources, many of whom can be tapped through one or another of the above organizations, or through Indefinite Quantity Contracts (Note organizations mentioned in paragraphs 3 and 4 above are only illustrative Other organizations of equal or greater competence and utility could have been listed)

VI. RESOURCE NEEDS

A Overview of Direct Hire FSO Staffing Strategy

Because direct-hire field staffing strategy is crucial to all other resource mobilization, a preliminary overview is required before further analysis A I D 's cadre of FSO personnel in public administration (backstop 70) which once numbered 40 is now down to four. It will disappear in the course of normal retirement Given current and projected personnel ceilings it would be unrealistic to attempt to rebuild a DA cadre in backstop 70 It would be

equally unrealistic to attempt to get net additions to other existing backstops in the numbers of FSOs required to perform DA functions. A better alternative is to designate a DA cadre from qualified or partially qualified FSOs and IDIs already aboard in other backstops and then to manage career paths, recruitment, training, etc. in order to retain and improve the cadre and relate it to mission needs. Because management knowledge and skills are valued in advancement and promotion, participation in the DA-designated cadre should be attractive to requisite numbers of FSOs. While continuing adjustments in supply and demand of specific DA skills should be anticipated, the net number of DA-designees --25-- is low enough to permit adjustments while large enough to provide a pool for rotation.

This strategy accepts the reality of what is happening in the field -- Mission staff is handling hundreds of millions of dollars worth of AID-supported LDC management improvement activities and developing many new projects requiring DA and institutional development skills. It offers a more orderly way to manage and update the people and the skills-mix and to match skills and assignments than is now in use.

Field Missions are reasonably well endowed with officers possessing academic degrees related to DA and ID needs.

Table 1 Masters and Ph D Degree-holders in Management and Related Disciplines

	Pub Ad or	Related
	<u>Bus Ad</u>	<u>Soc Sci</u>
AFR	20	77
ASIA	18	51
LAC	20	47
NE	16	38
Total Field Staff	74	213

Knowledge and skills obtained through these academic degrees provides a foundation for further learning of LDC and AID-relevant applications. There is no evidence that very many of these degree-holders are well qualified or even familiar with institutional development and development administration theory and practice required to implement the DA strategy. This has important implications for the Agency's staff development needs.

B Effects of Project Mix on Resource Requirements

Annex A describes three main types of projects with DA content in AID's existing portfolio. Each type require DA - qualified staff as well as mobilization of external resources.

Type 1 (public management) This is the smallest group. The content of these projects requires design and management by people with development management qualifications. Some of these projects can be handled by people with general public and development administration backgrounds, others require specialization in public revenue and finance or urban and regional development.

Type 2 (management training) This is a large group of projects, of importance in all Regions, and especially in Africa. The content of these projects requires design and management by people with specialized qualifications in management training and management education, consulting, and institutional development.

Type 3 (sectoral projects with a management focus or component). This is a large group of projects, of importance in all regions. Projects in this group whose purpose is predominantly management improvement should be handled by people with qualifications in management fields, including institutional

development. This is also desirable for projects with a management improvement component, but in small missions this is unrealistic. It is nevertheless necessary to have someone in the mission direct-hire staff who can participate and advise at all stages in the evolution of such projects and who has reasonable familiarity with management and institutional dimensions of development. In addition, specialized external resources should be called in for diagnosis, prescription, implementation, evaluation, and redesign functions.

AID's new DA strategy will alter this ongoing program in the following ways. Type 1 (public management) projects will often fit into the Local Initiative and Reform elements of the strategy. New projects under these elements will produce a sharper focus on promoting local self-help and on selective exploitation of reform opportunities.

Projects to encourage local initiative will gradually displace other Type 1 projects, for example complex integrated rural development projects and local government projects which create unwarranted recurrent cost burdens. The local initiative projects will require stronger capabilities than heretofore for analysis of institutional alternatives across the spectrum from traditional and informal group action through PVOs to private enterprise, local government, and local-national relationships. Augmentation of internal and external Agency resources to better deal with the private enterprise elements of the mix will clearly be needed.

Resources for the Reform element of the strategy will emphasize prompt and flexible responses to host country requests for assistance conveyed by missions. The number of reform projects will remain small, and they will more frequently address economic policy framework issues. To implement such

projects contractors must produce senior advisors who can deal with complex public policy and economic issues and work closely with high level host country officials.

Type 2 (training) projects will continue in large numbers but with much more emphasis on in-country institutionalization of training and other management support capabilities, and on management and service links to (a) private enterprise, (b) sectoral institutions and (c) local initiative projects and activities. Inside AID this work will require closer collaboration among education, training, and DA professionals and upgrading of skills in ID and training strategy, design, and implementation. External resources must bring exceptional knowledge and skills in these same fields.

Type 3 (sectoral) projects will require more DA support as Missions build more institutional development and management concerns into sectoral projects. Institutional development analysis will require design teams of different composition. Similarly, implementation and evaluation teams must have explicit institutional development knowledge and skills. Since very few DA-designated cadre will be working directly in sectoral programs much attention must be directed to (a) raising the knowledge and skill levels of sectoral technicians, (b) establishing effective AID/W support mechanisms, and (c) mobilization and use of high quality resources outside the Agency.

In all cases, declining numbers of AID staff will set limits to the role of direct-hire professionals. We must make maximum creative use of resources outside AID.

Optimum use of in-house staff demands increased understanding of technical project managers in all sectors of means to introduce stronger approaches to institutional development and management improvement. Similar understanding is needed by program and capital development staff. Substantially strengthened mechanisms for increasing this understanding are needed. These include workshops, briefings, formal training and orientation by various media.

Overview of AID Officer Personnel Requirements

Appendix B contains an analysis of DA staffing requirements with special attention to the functions DA personnel would perform. The overall requirements are shown in Table 2.

Table 2
AID Staffing for DA Technical Officers

	FSO DA Cadre	GS/GM AD	IPA or Dual Track	RSSA or Other*	Totals
Large Missions	1			2	12
Small Missions	5				5
Training Complement	1				1
Regional Bureaus	4		4		8
S&T Bureau	2	3	2	2*	9
PPC	1	1	1		3
M/PII/TD	2		1		<u>3</u>
<u>FSO Recap</u>				AID/W	23
FSO Field	15				
FSO AID/W	9				
FSO Complement	<u>1</u> 25	<u>4</u>	<u>8</u>	<u>4</u>	<u>41</u>

*Program Funds

The distribution of DA-designated FSO personnel to fit the new strategy will break out as follows

<u>Qualifications</u>	<u>Total Assigned to Large Missions</u>	<u>Total Assigned to Small Missions</u>	<u>Total Assigned to AID/W or Tng Complement</u>	<u>Total</u>
DA generalist	5	2	7	14
Mgt Tng & ID	-1	3	2	6
Fin Mgt Spec.	2		1	3
Urban & Peg Dev Spec	2			2

DA-designated FSOs will serve needs corresponding to the elements of the new DA strategy in the following approximate numbers

	<u>Total assigned to Large Missions</u>	<u>Total assigned to Small Missions</u>	<u>Total AID/W or Tng C</u>	<u>T</u>
Sector-specific management development (Cf existing Type 3 projects)	3	2	1	6
Local initiative projects (Cf existing Type 1 projects)	5	2	2	9
Mgt training/institutions (Cf existing Type 2 projects)	2	2	3	7
Reform (Cf existing Type 1 projects)	4		1	5

APPENDIX A

AID's Program in Development Administration (DA)

I Introduction

In order to identify the major applications of development administration to AID's portfolio an analysis of projects active in FY 82 and of proposed new starts for FY 83 was undertaken. Data for the analysis were taken from the Congressional Presentations for 1982 and 1983, supplemented by information from S&T/DIU and two regional bureau project portfolio reviews (AFR and NE). Projects which incorporate DA into project activities were selected on the basis of project descriptions or titles.

II Current DA Portfolio

Analysis shows that AID project activity in DA falls into three categories. These are a) public management including central government and decentralization projects (Type I), b) management training and training institutions (Type II), and c) management improvement associated with specific sectoral interventions (Type III). Projects were classified according to these categories and were tabulated for each Regional Bureau and for AID/II (centrally funded). The data are summarized in the Table A which displays numbers of projects and life-of-project (LOP) funding. (A list of DA projects for the Agency by region and title is available from S&T/MD).

Type I Public sector policy and management

This category includes administrative reform, policy analysis and planning, revenue/budget and tax administration, urban development, plus decentralization and provincial development. Type I projects currently active represent 19 percent of all active DA projects identified and account for 26.5 percent of LOP funding. These ratios remain approximately the same for new starts. Of DA projects prepared in FY 83, Type I projects constitute 21 percent of the total and 28.5 percent of LOP funding. Africa accounts for just under half of all current projects in this category. In terms of funding, Near East is by far the largest, skewed by the high level of DA effort concentrated in Egypt.

Type II Management training and training institutions

Included under Type II are multipurpose training projects containing various mixes of U S , third-country, and in-country management training, and projects designed to strengthen indigenous management training institutes. Besides country-specific projects, there are major regional projects for both participant training and institute-strengthening in AFR and LAC. Thirty-one percent of all active DA projects are of Type II, and they account for 38 percent of LOP funding. Planned activity in this category is down for FY 83, 26 percent of projects are Type II with only 10 percent of planned DA total expenditures. Africa has the largest proportion of projects and funds for the management training category, reflecting the region's weaker skilled manpower and institutional base compared to the rest of the developing world. The Africa region accounts for half of the number and two-thirds of the funding of Type II projects.

Type III Sector-specific management improvement

The third category includes components of a wide variety of sectoral projects, e g , agriculture, health, natural resources, etc. About 30 percent of all AID field projects have a management improvement component, some of these projects have management change as their major purpose. Particular management improvement activities undertaken in these sectoral projects vary with the project and with local needs. However, the most common activity across different projects is management training for personnel of the LDC organization that is the project focus.

Type III projects constitute one half of all AID's currently active DA projects, and they account for 35 percent of total LOP funding. (Only a fraction of the total LOP estimates is for DA components.) They also make up slightly more than half of proposed new starts in DA. Almost two-thirds of current Type III projects are active in Africa, reflecting both the number of countries in which AID has programs and the needs of the continent.

III Current Program and the DA Strategy

Most of AID's active and proposed DA projects are concerned with either generic (Type II) or sectoral (Type III) individual and organizational capacity-building. Agency focus is on developing LDC human and institutional resources in the management area, with an overarching emphasis on generating self-sustaining development capacity.

The proposed DA strategy retains the capacity-building and sustainability concerns, but sharpens the focus of interventions. Concentration upon sectoral institutional development and local initiative emerges from the experience with Type III projects. The intervention methodology to be employed also builds on the growing DA knowledge base in its emphasis on management improvement as an inter-connected process of change in a system, and not as a disparate collection of discrete items to be individually applied. Thus the strategy will refine not only the setting in which Type III projects are undertaken, but the interventions used to build sectoral management capacity in public or private organizations.

Type II projects under the new strategy will be folded into the management service institutions element. There the emphasis will be less on training of individuals (though this will continue, especially in Africa) and more on fostering indigenous institution's capacity to provide management training that is closely linked to actual LDC operational needs.

Finally, the reform element of the new strategy advances the Agency concern with the policy and inter-organizational environment in which individual projects must function. Type I projects will be continued as a relatively small, but necessary piece of AID's DA portfolio.

Table 3

AID Development Administration Projects Worldwide

	<u>AFR</u>	<u>ASIA</u>	<u>LAC</u>	<u>NE</u>	<u>CF</u>	
<u>PROJECTS</u>						
						<u>totals</u>
# active fy 82	15	4	6	6	6	37
*LOP value \$	136,296	58,100	13,680	124,400	10,304	342,780
# proposed fy 83	1	0	3	0	0	4
*LOP proposed funds	15,000	0	23,000	0	0	38,000
# active fy 82	31	9	10	8	2	60
*LOP value \$	306,624	57,200	29,715	86,384	8,086	488,009
# proposed fy 83	0	1	2	2	0	5
*LOP proposed funds	0	1,000	6,700	5,508	0	13,208
# active fy 82	60	8	11	8	10	97
*LOP value \$	194,482	51,800	58,947	133,508	20,440	459,137
# proposed fy 83	2	1	0	2	5	10
*LOP proposed funds	13,750	28,500	0	8,000	31,515	81,765

* all dollar amounts in '000

total projects'82	106	21	27	22	18	190
funding'82 **	637 4	167 1	102 38	344 2	38 8	1289 8
proposed'83	3	2	5	4	5	19
proposed funds'83 **	28 7	29 5	29 7	13 5	31 5	132 9

** in millions

Sources Congressional Presentations 81, 82, 83, Automated Files DIU, Review of Recent and Planned Field Projects With a Development Management Focus or Component in the AID Bureau for Africa, National Association of Schools of Public Affairs and Administration, Washington D C , May 1981, Near East Project/Program Loans and Grants Authorized FY 1982 and Earlier, Bureau for Near East, AID, Washington D C , June 1982

APPENDIX B PERSONNEL ANALYSIS

I Summary of Agency DA Staffing Requirements

1 Missions

A All Missions need staff to define DA program, sectoral, project, and external support needs, to write relatively sophisticated specifications for procurement of AID/W or external assistance, and to manage implementation and changes in projects and programs that respond to changing conditions. This does not require 70 backstop (public administration) positions, but does require specific professional skills that have often been overlooked in overall staff mix. The Agency's renewed emphasis on ID greatly expands these needs.

B Missions above a certain program threshold -- perhaps \$50 million (including ESF) -- need at least one direct hire DA generalist to handle LDC management and institutional concerns that inevitably arise in large programs, as well as to oversee development of DA projects or components. Large urban or financial reform projects will warrant direct-hire staff in these sub-fields. In such missions special provision should also be made for staff to support institutionalization of capability to use AID-funded infrastructure.

Missions with a smaller overall program but with a strong LDC management improvement emphasis also need a direct-hire specialist. All missions need direct-hire staff with knowledge and analytic skills in DA and ID to advise at all stages of program and project development.

Mission program and capital development staff as well as Directors, AID Representatives and deputies have special responsibility for assuring that institutional development and management concerns are woven into Mission strategies, project design, implementation and evaluation.

2 Regional Bureaus

A Each Regional Bureau needs full-time DA staff to (1) provide direct TDY services to assist Missions with DA analytic, design, implementation, and evaluation requirements, (2) appraise and backstop mission DA service requests including mobilization of external resources and central bureau assistance, (3) analyze CDSS, PID, PP and evaluation submissions, (4) manage R&D activities, (5) administer sub-regional service arrangements including sub-regional management support institutions (this entails some familiarity with multilateral institutions) A minimum of one direct-hire and one IPA staff is required for these functions (After an extensive review in 1975 a former Director General of the Foreign Service, the late Ambassador William Hall, recommended that each RB employ a minimum of two direct-hire DA staff)

B Each Regional Bureau needs specialized sectoral management expertise in each of the major sectoral program areas. Because of its size and importance the Ag and RD program area in each Bureau should have at least one direct hire person with a masters degree in management or a related social science discipline and practical experience or clearly equivalent experience in management research and consulting. This officer should have in-depth knowledge of ID theory and method.

Other technical staffs of the Regional Bureaus may not be large enough to warrant maintenance of a DA/ID-qualified person. However, officers in these staffs should be afforded frequent opportunity for orientation and updating to strengthen their multidisciplinary awareness, knowledge and skills.

C The overall RB role in DA must grow in coming months if the new policy thrusts of institutional development and private enterprise development are to be adequately served in addition to the "effectiveness, economy, and efficiency" concerns of AID programs that

are receiving well-deserved fresh emphasis. Little aggregate increase in central bureau field support may be anticipated, especially since more emphasis on R&D as compared to field services is planned in the S&T portfolio.

3 Central Bureaus

A PPC The Institutional Development Paper and the results of PPC/E impact evaluations have called much-needed attention to ID and management needs in Agency programs. In the past, program guidance for DA tended to slip through the organizational crack between PDPR/HR and PDPR/RD. PDPR has recently provided sound leadership for development of the ID policy, and is now maintaining an IPA charged with ID and DA coverage. This position should be continued. PPC/E has one GS person with strong DA qualifications and its staff has strong qualifications to handle ID analysis. This staff mix meets DA needs, and should be continued.

B S&T DA coverage in several of the sectoral offices is improving as personnel gain increasing insight into multidisciplinary program needs. For example, ST/ED has initiated a project to deal with analysis of effectiveness and efficiency in developing country education programs, ST/IT is reviewing management content in participant programs. ST/AGR is including more public management and executive decision concerns in a new policy project, and collaborating with ST/MD on DA and local organization concerns in irrigation and marketing projects. The Bureau for Africa has indicated a need for more support in health management along the lines indicated in a paper issued by the S&T Health Office in 1980. Each sectoral office should select and maintain staff with capability to handle integration of DA concerns in R&D and field services. Periodic attendance at DA seminars and workshops is also needed.

ST/MD currently has the following staff authorized in the DA division (excluding secretaries)

FSO	1
GS/AD	2 8
RSSA	2
IPA	1
	<hr/>
	6 8

To strengthen business management, sectoral institution and local initiative coverage under the strategy additions of one IPA, and one FSO position are needed

C M/PII/TD has long maintained two FSO positions encumbered by DA-qualified people with training backgrounds. At least two FSO positions in this category should be continued.

D Other While no DA-designated staff is proposed, PRE, FVA, and BIFAD all need staff with strong knowledge and skills in management and institutional development

II General Findings

1 DA functions and programs in A I D require extensive and intensive staff coverage by Missions, Regional Bureaus and Central Bureaus. While it is not possible to cleanly disaggregate "development administration" from sectoral programs, program analysis clearly shows that DA talent bears vitally on the effective use of hundreds of millions of dollars of development assistance. Incomplete analysis has identified 67 officers in USAIDs and Regional Bureaus who have responsibility for management of projects with a DA focus or component (see Table A)

2 DA talent is widely distributed within the Agency, but resides in diverse backstop and position categories. Much of the talent is engaged in handling Agency program management or internal management. Large DA programs are managed by people who lack current technical qualifications. In small missions, DA technical assistance functions are almost always

covered as "additional duties" by Mission or Regional Bureau staff with other professional backgrounds and other major current responsibilities. Requirements and people are dynamic. Hence, matching qualified people and new requirements requires continuing attention.

3 The Agency's full-time worldwide "scientific cadre" for DA is very small, consisting -- depending on how one counts -- of perhaps 12 people. If "scientific cadre" be defined as professionals who are equipped to deal with the most advanced current theory, methodology and practice in the DA field, the number is certainly less than 12, of whom four are IPA or RSSA in S&T/MD and HE/TECH. Further, sub-disciplinary specialization is required to meet vital program support and R&D needs in management training and development, financial management, urban development, institution building, and business management.

4 Highly creative management and use of the Agency's existing DA talent is needed because absolute numbers of DA-designated S&T associates will remain small and the diverse placement and use of qualified people will continue.

5 Concerted attention to dual professional capabilities (e.g., agriculture and DA, program officer and DA) is needed, along with recurrent staff development investments that maintain and update the DA part of such capabilities. Updating for senior direct-hire specialists is also vital. The "dual-qualification" conclusion also suggests a significant entry selection criteria, e.g., an agricultural economist Ph.D. with an MBA should -- other things being reasonably equal -- be preferred over one without the dual disciplinary background.

6 The current most serious shortfall in DA staffing is in the Regional Bureaus. A minimum of one direct hire professional of senior scientist status (plus lots of operating savvy) together with one IPA is recommended for each regional bureau. (AFR is also considering establishment of contract positions in REDSO/E and REDSO/W, a move that would greatly strengthen field service.)

TABLE A

AID Mission and Regional Bureau staff directly responsible for projects with a Development Administration and Management Focus or Component*

* AFRICA REGION	USAID	16
- REDSO/EA		1
- REDSO/WA		1
- AFR/DR		<u>1</u>
		19
* ASIA REGION	USAID	14
- ASIA/TR		<u>2</u>
		16
* NEAR EAST REGION	USAID	11
- NE/TECH		<u>4</u>
		15
* LATIN AMERICA AND CARIBBEAN REGION	USAID	10
- RECAP		6
- LAC/DR		<u>1</u>
		17
** TOTAL		<u>67</u>

* January 1982 survey, data may be incomplete

III Profile of DA Skills

The following discussion treats development administration skills needs in relation to the three main types of existing field projects with management improvement content (see Appendix A)

Type 1 Public Management (corresponds to Strategy Elements 2, Local Initiative, and 4, Reform)

Development administration skills for backstopping Type 1 projects require at least a masters degree level of training in public administration. Individuals within this category will need generalist skills in public administration in order to create and respond to opportunities for host country administrative improvements in one or more of the following areas: local government, public finance, budgeting, procurement and personnel systems, urban and regional development, public enterprise, taxation, and management improvement. The new DA strategy will require additional knowledge and skills in business management means to foster local initiative and institutional development.

Type 2 Management Training (corresponds to Strategy Element 3, Management Service Institutions)

A minimum level of formal education in management at the Masters degree level is required for those individuals backstopping type 2 projects. This category of projects requires individuals with an understanding of the more advanced technologies in management training, education, consulting and research. New projects will emphasize business management. In addition, the new DA strategy will require skills in institutional development linked to sectoral application of management services.

Type 3 Sectoral projects with management contents (corresponds to Strategy Element 1, Sector-specific Institutional Development)

The skill background for development administration roles in support of sector institutional development cannot be conveyed by reference to formal academic

degrees and disciplines. However, there are two key elements in the skill profiles for type 3 projects. First, such a person must be able to bring an interdisciplinary perspective to problem diagnosis and program/project development. He or she should have a broad interdisciplinary understanding of rural development in addition to expertise pertaining to the sector (agriculture, health, education, etc.). Skills in this area demand a range of analytical capacities in understanding the interplay between technological, managerial, social and economic factors within a problem setting, and an ability to translate these assessments into appropriate project interventions. Secondly, mission and bureau personnel backstopping type 3 projects should have a broad understanding of organizational dynamics and the various strategies and processes which can be employed in initiating and sustaining organizational change. They also need to facilitate communication across disciplinary and organizational boundaries to mobilize appropriate institutional responses to country problems. Skills and experience in communication and team-building and in managing project contracts in such a way as to initiate and sustain organizational change within host country institutions constitute a major requirement for individuals in these positions.

The Agency must be able to utilize the most recent development techniques and approaches in applied management sciences. The likelihood of this occurring is reduced when the Agency seeks to draw its management expertise from non-management, sector-specific disciplines (agriculture, health, education, etc.) where the theory and practice of management is frequently outdated or neglected. Moreover, management approaches derived from non-management sector disciplines are sometimes based on the implicit assumption that organizational models developed in the West can be transplanted to LDC settings. Past experience indicates that such approaches have not yielded major improvements in advancing management effectiveness. Hence, knowledge of intercultural adaptation in the technology transfer process is also required.

APPENDIX C SUMMARY OF THE DEVELOPMENT ADMINISTRATION WORKSHOP

The Development Administration Sub-committee of the Human Resources Sector Council sponsored a two-day workshop on June 23-24, 1982. In attendance were forty management professionals from AID, US Department of Agriculture, universities, consulting firms, and associations. Public management specialists from Tanzania and Sudan provided an LDC perspective. The purpose of the workshop was to recommend program content and technical approaches for AID's DA strategy. This appendix summarizes the discussion and the recommendations of the group.

The workshop took as its starting point Policy Determination 69 and the Administrator's CDSS guidance cable (State 316566). It was noted that development administration serves all four of the Agency's policy emphases, as shown in the following table, as well as addressing AID concerns with effective program and project implementation.

Table 1 DA Technical Links to AID Policy

<u>Policy Emphasis</u>	<u>Sub-Discipline/Methodology from DA</u>
Private enterprise	Business management and related fields Public administration and related fields Training and consulting methodologies
Reform of economic policy framework	Policy sciences Financial management Political science Public administration and related fields Training and consulting methodologies
Human and institutional capacities	Institutional Development Organization sciences Public administration and related fields Business management and related fields Training and consulting methodologies Popular participation and related fields
Transfer of technology	Management science Management technologies (both "hard" and "soft") Business management and related fields Microcomputer applications

In the policy area of increasing the vitality of the private sector, the workshop participants highlighted DA's contribution to support mechanisms for business management, notably schools of business and consulting firms. DA provides training and consulting methodologies that serve needs in everything from building entrepreneurial skills in small businesses to developing strategic management capability in parastatals. At the public-private interface, DA contributes knowledge of the management of services critical to private sector success, e.g. road networks, crop storage facilities, marketing facilities, etc.

On the task of reforming economic policy frameworks, DA complements the strictly economic perspective with one incorporating public choice analysis and business/organizational behavior insights. Such a joint approach, the workshop group agreed, is a necessary one if appropriate reform strategies are to emerge from Agency-LDC policy dialogues.

DA contributes substantially to Agency policy in building human and institutional capacities. Advances in effective training methods, techniques for building commitment to change through participation and for establishing sustainable development processes, and analyses of institutional constraints are several of the specific items identified by the workshop as DA elements central to institutional development. Participants stressed that, in many respects, building institutional capacity translates in practice into creating sustainable management procedures and systems that serve to accomplish valued tasks. Thus, DA and institution-building are closely intertwined.

In the transfer of technology area of policy concern, DA provides the management component of sectoral technology transfer. For example, DA furnishes the links between farming systems research and LDC decision-makers so that agricultural research outputs can be managed in such a way that they contribute to institutionalizing changes in cultivation methods and increases in crop yields. DA is crucial to the process of sustaining flows of technology application to where it can do the most good, both in terms of identifying where the point of maximum benefit is and of devising management systems for its effective application. DA also relates to technology transfer

to the extent that certain management methodologies constitute in themselves a technology that, with appropriate adaptation, can be transferred to LDC settings. The Agency has advanced significantly the state of knowledge surrounding the transfer of appropriate management technologies.

The group addressed the nature of development administration as a discipline, and attempted to define what it includes in its task, human, and organizational dimensions. Development administration touches upon

- organization
- planning, design
- policy, decision-making, resource allocation
- reform
- working with people
- operations
- means to deal with a system of action
- ways to help existing institutions become more responsive and adaptive
- means to facilitate transfer and use of technologies
- a set of "hard" and "soft" technologies to produce outputs
- innovation needed to get the job done
- supporting systems like personnel, inventory control, accounting

Recognizing that DA encompasses all of these things and more, the group fixed on the two elements of the term development administration. It suggested that DA involves 1) managing development, and 2) developing management. The first requires more attention than it has received in the past, and emphasizes attainment of large scale results and impact. The second is already widely accepted as important. It concerns structure, process, and skills.

The following major recommendations emerged from the workshop

Recommendation 1 Strengthen Local Management Service Centers

These centers often serve both business and public management needs. In the ideal, their function is to support local development needs in a relevant,

adaptive way. Such institutes should have good training capabilities, and should evolve their own consulting, research, and education capacities by working on actual management problems in concert with practitioners. Didactic classroom teaching isolated from LDC realities must be avoided, and incentives provided for research and action outreach. National institutes are most advantaged in linking to local institutional needs, but certain regional institutes have achieved economies of scale and provide excellent service, especially for training. It is more desirable to reinvigorate existing institutes than to attempt to establish new ones. Continuing support to "pace-setting" institutes is important in order to further cutting-edge innovation.

Recommendation 2 Expand the "Toolkit" for Management Improvement.

Training is the common prescription for management ills. It is necessary, but by itself is not enough. The quality and relevance of training is often wanting, with an inappropriate mix of general knowledge and situation-specific skills. Training interventions should be aimed at people from various levels of the same organization, and designed to affect organizational performance directly.

Consulting can help an organization to clarify goals, redirect policies, assess strategies and resources, and/or improve systems and procedures. "Process" consulting -- a methodology that uses participation as a commitment-building tool -- is vital to assure that changes planned are accepted and "owned" by those who are designated to carry them out.

New Technologies such as microcomputers, video machines, or telecommunications systems have the potential to improve the quantity, quality, and timeliness of organizational outputs. Information is a scarce management resource in most LDCs, and such technologies, introduced in the right way, can be highly cost-effective.

Combining consulting, training, and technical interventions in an organizational change effort offers the best chance of success. Begin with consulting to help an organization define its management needs, and build consensus and commitment around a change strategy. Design training and systems modifications that meet those needs. Remain open to learning during the implementation of the change and negotiate necessary support for the change with people and organizations in the external environment.

Recommendation 3 Use New Types and Combinations of Management Interventions

LDC management needs should be addressed at 1) national, "macro" levels -- policy, planning, budgeting, etc., 2) intermediate levels -- business firms, ministry programs, provincial development, and 3) local levels -- rural organizations, service delivery networks, etc. Central reform of policy, planning, finance, and personnel systems should be pursued at the national level, especially when leaders are committed to change. Such reforms can be the first step toward public sector performance improvement when combined with operational change interventions.

Using a "systems approach" to selection of interventions requires definition of functional needs in a sector (cf. Arthur Mosher, Getting Agriculture Moving). This means identifying key development needs and relationships as elements of a system. Further analysis and "learning-while-doing" in implementation can identify opportunities, constraints, and organization arrangements needed to improve the system.

At the intermediate levels, business management support should include attention to a policy and regulatory climate favorable to entrepreneurship. This needs to be combined with assistance to strengthen business schools' programs in LDC-relevant private sector skills. Private sector action needs to be linked with decentralized development. Interventions must support more local initiative, relevant and cost-effective service delivery and investment

At local levels, work at the client-organization interface of public programs is vital in order to devise management improvement approaches adapted to LDC resource scarcities. Interventions here should focus on the use of paraprofessionals, applications of extension systems such as "training and visit," and local self-help. When local people mobilize to help themselves and exercise strong influence on how and where services are delivered and investments made, programs work better and generate more sustainable development impact. Interventions that start with an organization's field operations and focus on performance have proven to be the most powerful. Whatever the initial point of entry, however, improved performance requires that relationships with other parts of "the system" evolve. Negotiating facilitating arrangement with other actors and other organizations is a crucial element in any management or institutional improvement strategy. DA interventions must avoid bypass activities that may produce results in the short term, but neglect the painstaking capacity-building process necessary for institutional development and sustainable impact.

APPENDIX D RESEARCH PERSPECTIVES

This Appendix provides preliminary perspective on creation of a systematic DA Research Agenda. Ongoing research in the ST/MD program relates to (1) organization and administration of integrated rural development, (2) means to improve local revenue and meet recurrent costs, (3) methodologies for project and program management, including recent emphasis on implementation, and (4) methodologies for management interventions, including consulting, process consulting, and training. All of these applied research themes are an integral element of ongoing projects which also include field support and dissemination of applied research findings.

The Agency's research agenda is and should be seen as a responsibility of Missions and Regional Bureaus as well as central bureaus. Careful evaluations and reviews of field experience merge into research. These activities are especially appropriate for regional bureau funding. Recent examples are the LAC review of agricultural planning projects and the AFR review of experience with the Economic and Rural Development Management Project in Ghana. Reviews of this type can help the Agency learn lessons from its own field experience -- a need highlighted in a recent GAO Report.

Future research priorities for development administration are integral to the four major elements contained within the strategy statement. This approach reflects that fact that the most important payoffs in new ideas and findings will be generated through actual involvement in on-going AID sponsored sector-specific and/or local development projects.

AID missions have a large number of projects currently underway or soon to be launched, which reflect the major concerns of the development administration strategy paper. However, few of these projects are designed from a learning perspective to allow both host country institutions and AID to capture lessons of experience which (1) entail making mid-course corrections in design and (2) generate insights which can be applied to projects undertaken by other missions.

Most AID missions are without the staff, organization, and incentives to undertake sustained monitoring and documentation of lessons that arise from their projects. The proposed development administration strategy is designed to provide the kinds of research/consultative services which would allow AID to build capacities within both the Agency, U S institutions and host country institutions to learn from project experience. Research undertaken independent of mission project design and implementation may lack impact on project decision making. Research undertaken independent of actual or contemplated project interventions tends to produce knowledge which is of little use to decision-makers. Research which is problem and solution focussed within a mission context can yield substantial payoffs.

If the proposed development administration strategy paper and its attendant research focus is supported the following research products would be generated

- 1 Richly documented case studies of priority mission projects which feature the use of new approaches in building institutional and management capacity. The Agency currently has no activity which identifies certain on-going and innovative projects as promising candidates for learning, where new methods could be applied and documented in sector or local-specific settings. The proposed development administration strategy would seek to remedy this situation by actively engaging and documenting on the on-going experience of specific innovative mission projects.
- 2 Analytical statements which synthesize and generalize from documented case studies lessons learned about the kinds of project design and implementation methodologies which are most effective in improving host country management and institutional capacities. These methodological outputs would serve as a basis to help the Agency provide more effective guidance and support to missions in addressing host country institutional and management concerns.

The DA Technical Workshop and other sources have produced the following specific topics of possible research that relate to the four elements of the DA Strategy.

1 Sector-specific institutional development

A. Identification and differentiation of factors that explain successful operation of elements of sectoral service systems

B Means to increase the efficiency of sectoral service delivery (e g , management reform, use of paraprofessionals, use of different technologies such as radio or microcomputers)

C Decision-making behavior of executives in sectoral programs and the relationship of such behavior to planning, data collection and analysis structures

D Factors affecting successful program implementation, means to improve incentives for implementation

E Relationship of management systems and methods to choice and use of sectoral strategies

2. Local initiative

A Alternative organization forms for accomplishing tasks of local development

B Means by which local initiative utilizes traditional or "folk-management" organization and process

C Tasks and functions in local initiative that might be performed by private enterprise, probable benefits and costs of having private enterprise perform them

D. Functions in local initiative performed by local governments, probable benefits and costs of changing the functions of local government.

E. Means to improve management in resource-poor environments

3. Management Service Institutions

A Factors that explain successful adaptation to indigenous conditions, and services to operating organizations

B Means by which affordable incentives for applied research and consulting work may be provided

C Strategies of assistance to clients to produce measureable results

4. Reform

A Decision-making behavior of executives and the relationships of such behavior to planning, budgeting, and data collection and analysis structures

B Perceived and actual benefits of decentralization and devolution of central government functions.

C Alternative means to meet recurrent costs of development programs

D Potential benefits and costs of new management technologies such as microcomputers, video presentations

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APPENDIX E REFERENCE TO SUPPLEMENTAL DOCUMENTS

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