

February 10, 1977

POLICY DETERMINATION

PD-69

DEVELOPMENT ADMINISTRATION

Introduction

A crucial ingredient in all recipes for successful development is management capability. Experience in A.I.D.'s programs and projects and evidence from a wide range of development experience have repeatedly confirmed this judgment.

In A.I.D. we have recently given much emphasis to improved systems for design and management of Agency projects and sectoral programs. We have increasingly recognized the need for careful appraisal of host country management capability as an integral element of project design. Some Mission programs and many individual projects have creatively addressed needs to help host countries build management capability or remedy deficiencies so that sectoral projects and programs are better assured of success. But too many of our programs and projects still omit or skimp on the vital management ingredient.

We must now broaden our advance, consistently and imaginatively addressing the managerial needs and constraints of developing country institutions that serve the poor majority. Management improvement is a vital dimension of our assistance in agriculture and rural development, family planning, health, nutrition and human resources development. It deserves attention co-equal with that afforded the economic, technical, political and social dimensions of development.

Policy

1. It is A.I.D. policy to assure the existence or development of competent management in the specific host country institutions responsible for carrying out A.I.D.-financed programs and projects to assure with reasonable certainty their successful completion. Careful analysis and attention will be directed to managerial and institutional factors, particularly remediable deficiencies, early in program (sector and DAP) analysis and early in project design efforts. Such attention

will be continued, and managerial concerns consistently addressed, at all stages of the program and project design (PID, PRP, PP), review, and implementation processes. Appropriate implementation milestones and controls will be used to help assure results and to assure flexibility in adapting to changing conditions.

2. Managerial assistance will emphasize achievement of results under the priorities of the Foreign Assistance Act (FAA) notably in agricultural and rural development, family planning, health, nutrition, education and human resources development, together with widely shared benefits for poor people. Managerial assistance will be planned and implemented in integral relation to technical, economic, political and social/behavioral factors in the host country which affect, or are likely to affect, the performance of the country organizations involved in A.I.D.-financed activities.

3. Host country development needs identified in such Agency documents as DAPs or sector assessments will sometimes require managerial and institution building assistance, including, for example, manpower training, that goes beyond the needs of the specific project or sector, particularly in the least developed countries. Such activities are authorized by Section 105 of the FAA. They merit consideration especially when management deficiencies impose major constraints on the success of development in the priority areas specified by the FAA.

4. Managerial assistance will be provided, consistent with the development priorities identified in the FAA, and with specific country problems and needs, to build host country capacity in both private and public sectors to manage development projects and sectoral programs. Capacity to perform management analysis and planning and to implement and evaluate development activities are of central importance. Contractors or other external resources will be employed in managerial assistance roles in lieu of direct-hire staff whenever appropriate.

5. A.I.D. will expand its efforts to mobilize and apply relevant knowledge and methodology to help developing countries solve their management problems. Such efforts will include the innovative testing, adaptation, and application of relevant business management, development and public administration, economic and other social science knowledge and techniques.

6. A.I.D.'s concerns in management assistance will include means to utilize applicable research results through appropriate delivery systems, wide distribution of benefits, and participation of the poor majority in the fruits of technology.

7. A.I.D. will cooperate with and increase professional communication with international development assistance agencies in the provision of managerial assistance so as to increase the effectiveness, efficiency, and mutual support of the various international development agencies.

8. A.I.D. will foster increased acquisition, development, application, and transfer of management skills by its staff, contractors and grantees. Program and project management skills, including multi-disciplinary analysis, planning, implementation, evaluation and collaboration, are especially needed. Measures to obtain and cultivate such skills will include personnel management, (e.g., recruitment, placement), staff development and training, contracting and procurement, and increased professional and information exchange among A.I.D., LDC, and developed country practitioners and experts.

Reference

Prior guidance on the subject of this Policy Determination was contained in the Report of the A.I.D. Work Group on Management Improvement and Development Administration as revised following consideration of its recommendations by the AAC (August 11, 1975). The policy guidance contained in the Report's Recommendations at pp. 2-6 remains consistent with, and supplements, the policy stated herein.

Approved: \_\_\_\_\_

*John E. Murphy*  
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Acting Administrator

Date: \_\_\_\_\_

*2-11/77*

Attachment:

Excerpt from A.I.D. Work Group on Management Improvement and Development Administration

## II. RECOMMENDATIONS:

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

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

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

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

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

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

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

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

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

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

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

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

- 4 -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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