

**United States Foreign Assistance
Oral History Program**

Foreign Affairs Oral History Collection

**An Interview with
Kenneth L. Kornher**

1998

**Association for Diplomatic Studies and Training
Arlington, Virginia**

This oral history transcription was made possible through support provided by the Center for Development Information and Evaluation, U.S. Agency for International Development, under terms of Cooperative Agreement No. AEP-0085-A-00-5026-00. The opinions expressed herein are those of the interviewee and do not necessarily reflect the views of the U.S. Agency for International Development or the Association for Diplomatic Studies and Training.

ASSOCIATION FOR DIPLOMATIC STUDIES AND TRAINING ORAL HISTORY COLLECTION

The Association for Diplomatic Studies and Training, a non-profit, tax-exempt organization, was established in 1986 to enhance the training of foreign affairs personnel and to instill in the public a greater appreciation for our diplomatic history.

The Association's Foreign Affairs Oral History Program was established in 1988 and is housed in the Lauinger Library of Georgetown University and at the Foreign Service Institute in Arlington, VA. The collection is comprised of oral histories taken from a number of projects, with the unifying factor that all concern the conduct of American foreign affairs and experiences of those employed in the field of diplomacy and consular affairs and their families.

The oral history collection includes interviews done under the auspices of the Foreign Service History Center of George Washington University, which was amalgamated into the Foreign Affairs Oral History Program, the Foreign Service Family Project, the Women Ambassadors' Project, the United States Information Agency Alumni Association Project, the Foreign Assistance (AID) Oral History Project, the Senior Officers' Project, the Labor Diplomacy Oral History Project and others.

The aim of the US Foreign Assistance Oral History Program, in particular, is to develop a collection of oral histories of those who have served USAID and predecessor agencies and those who have served in foreign assistance programs of associated organizations such as private firms, private voluntary organizations, and other US government agencies. The Center for Development Information and Evaluation (CDIE) of the USAID has made a grant to help finance the preparation of 120 oral histories.

For the most part these interviews are carried out by retired USAID personnel on a volunteer basis, directed by the Oral History Program. The interviews are unclassified, and unless so marked are available for use by researchers. Most of these interviews have been transcribed and then returned to the person interviewed for editing. The transcript is an edited version, and is not a word for word rendition of the cassette tape. The editing usually consists of correcting of names and dates that have been missed during an interview. The individual interviewed may also choose to expand upon topics that may not have been developed in the time allotted for the interview.

[Footnote citation example: Ambassador John X. Jones, oral history interview, Georgetown University Library, 25 December 1988, p. 13. Bibliographic citation: Jones, John X. Oral history interview, Foreign Affairs Oral History Collection. Georgetown University Library, 25 December 1988.]

To preserve the integrity of the program researchers should have written permission before copying more than the equivalent of five pages from any one transcript. © copyright 1999

TABLE OF CONTENTS

KENNETH L. KORNER

Early years and education	1
Begins international work with USAID in 1993; the Brazil program in 1964	3
Assignment in new Development Administration Division - 1967	7
The Office of Development Administration in the Technical Assistance Bureau	14
Office mergers; becomes Chief, Development Administration Division, 1983	23
Views on acquisition and competition	27
Views on development management projects	28
Involving local people and successful local action	41
The Local Revenue Project	43
Rethinking decentralization	49
Issues on public choice theory and practice	51
The Implementing Policy Change project	54
The publications program	56
Concluding observations on development management and USAID	58
Selected Bibliography	65

KEY WORDS

KENNETH L. KORNER

action training
agricultural marketing
agricultural-agribusiness
Alliance for Progress
Brazil Program
civil society
community development
competitive procurement
decentralization
decentralization project
development results
Development Administration Division
Development Program Management Center
field service
Ghana
governance
health management
health
Implementing Policy Change project
infrastructure
institutional development
local government
local revenue
Modernizing Management
multidisciplinary
Multisectoral Development Office
national management institutes
National Association of Schools of Public Affairs and Administration (NASPAA)
New Directions amendments
Office of Public Administration
organization and management
organizational development
private sector
Program Budgeting, Accounting, and Reporting (PBAR)
project management
public sector program management
public choice theory and practice
public administration
public program management
publications program

regional management improvement institutions

Research and Development (R&D)

revenue sharing

Rural Development

Sahel Financial Management

sector management

strategic management

systems approaches

Tanzania

training civil servants

training strategies

university contracts

Vietnam

**United States Foreign Assistance Oral History Program
Foreign Affairs Oral History Collection
Association for Diplomatic Studies and Training**

An interview with
Kenneth L. Kornher

Interviewed by W. Haven North
Initial interview date: September 4, 1998

Q: I'll start off, Ken, by asking you to give us sort of an overview, a thumbnail sketch of your association with foreign assistance.

KORNHER: My career with the US Agency for International Development extended from 1963 to 1990. I came into the agency under the Federal Junior Management Intern Program. I had been interested in the US Information Agency because of my academic work, but in retrospect, I'm delighted that I ended up working for USAID. I think the scope of USAID's work is broader and more challenging, though USIA is also an important instrument of foreign policy. I stayed with USAID until 1990, when I retired. I have retained a strong interest in international development in various consulting assignments since then.

My work was predominantly with the central technical bureaus of the agency in the field of development administration. We can later go into sub-sets of that specialty. I greatly enjoyed the roles that I performed, in partnership with many colleagues, to provide research and development, to develop ideas about how field programs could be done better or in a more focused way. The tools and techniques that would help with that, and then field service, direct links to USAID missions and host country people, often through contractors or cooperative agreements or grantees who would help to plan and set up field programs, and to implement field programs. Those relationships extended to over fifty countries over the course of the years that we'll be talking about.

My career with USAID has been very satisfying. It has combined a lot of learning with services that I believe were often useful to the missions and countries we were working with.

Early years and education

Q: We'll come back to all that and get it on the record. Let's go back to your early years. Where did you grow up, where did you go to school? What in all of that experience and time, and your early work experience, led you to be interested in international affairs, international development?

KORNHER: Okay. My origins were on a farm in south Idaho. My father was an immigrant from Austria shortly before the First World War. My mother was also of Germanic stock. She was born in Nebraska, and chose nursing as her career. Both parents moved to Idaho and established our family in a small town called Gooding. We lived on a small farm outside of town and had a family business

consisting of a meat market and grocery store. My father was a butcher and sausage maker, a successful entrepreneur. I had three siblings, one brother and two sisters, and we all went to school in Gooding. I went on to the University of Idaho where I majored in education with a social sciences bent. I also was in Air Force ROTC.

Q: Was there anything in your college experience that had international flavor to it?

KORNHER: Not specifically, but I had been interested in international affairs early in life. I was in my early teens during World War II, and most of the news was about the war in Africa, Europe and the Pacific. In high school I got interested in public policy matters. I remember writing a paper on the big dams of the Tennessee Valley and the Columbia River basin, what the tradeoffs were between flood control and electric power generation, and so on. Then I began to apply similar interests to international affairs. But I would say that it was really during and after my two years of Air Force active duty that I got more specifically interested in international affairs.

Q: This was after college?

KORNHER: Yes.

Q: What was your military experience?

KORNHER: I spent two years under an ROTC obligation in the Air Force and learned about military operations worldwide even though I was based in the United States, primarily at Otis Air Force Base, Massachusetts. In the course of my work at Otis, I took a pistol team to Washington, DC, which was my second visit to Washington, actually. I was very taken with Washington as the site of the national government, international connections, a lot of history and culture -- the place to be. But, in thinking back, my interest in international affairs just gradually evolved in reading and personal interest. I decided after finishing my active duty that I wanted to go to Georgetown and study international relations.

Q: Where did you hear about Georgetown?

KORNHER: I looked into the programs of some of the preeminent east coast graduate schools for international studies. The Fletcher School, Johns Hopkins University, and Georgetown were interesting possibilities. I wanted to go to the East Coast to extend my horizons. So, I applied to Georgetown and, fortunately, got in. I arrived in Washington in January 1956.

I began a Master's Degree in international relations and meanwhile did some teaching in DC high schools.

Q: What were you teaching?

KORNHER: I was teaching social studies. That is, history, government, and an honors class in world problems.

One of the things I learned in that class, just as a quick aside, was that U.S. youngsters, at least at that time, and I'm fairly sure its still true, know very little about geography. These were very smart and able students. But they had to learn where England and France were. Almost literally. The only student I had that was really topnotch in geography was a German student who had immigrated to the United States.

Q: Interesting. Was there a major in your graduate course?

KORNHER: Yes. It was a broad international relations major, but my research interests ran toward the place of the U.S. Information Agency and international exchange programs in U.S. foreign policy. So, in both my masters' paper, and then in my doctoral dissertation, I studied the record of USIA in the array of foreign policy tools, and pored over congressional hearings and policy papers and studies of what USIS was doing and should be doing. Of course, this was in the middle of the Cold War era, and quite a bit of it was cast even in the domain of psychological warfare. But I became convinced that the real value of these programs was their long-term contribution to building mutual international understanding and the basis for a world community of democratic nations.

The educational exchange programs, I believe, have immense value if you take a longer-term view. And that works both ways, both in exposing the participants coming from abroad to people and institutions in United States, and exposing people in the United States to the people, politics and culture of other countries around the world.

Q: Where did you do your doctoral work?

KORNHER: Also at Georgetown. I finished that on a part-time basis after joining AID, completing it in 1969.

Q: How did you get into USAID ?

KORNHER: Well, I came into the international job market in 1962-63. I first looked into positions with USIA, which turned out to be most interested in media specialists or area specialists. They were not hiring people of more a general or policy cast, such as I. So, I took the Junior Management Intern Exam and turned to AID, which was hiring at that time, in 1962-'63. I got into the intern program in the summer of 1963.

Begins international work with USAID in 1963; the Brazil program in 1964

Q: What was your assignment then, when you started off? This was just after USAID was founded, formed.

KORNHER: Yes. This was a very interesting time because the Kennedy administration had just recast foreign assistance programs and merged technical assistance and loan programs. Congress passed legislation creating AID in 1961. (The preference for "USAID" as the official acronym came along many years later.) One important emphasis was the Alliance for Progress which aspired to

greatly benefit the people and transform the economies of countries in Latin America and the Caribbean. So there was quite a spirited and upbeat agenda for international assistance at that time.

During the first year, I rotated through various positions in AID under the intern program. I worked on the Nepal Desk; and then in the Economics Office of the Bureau for Program Policy and Coordination. I worked for Curt Farrar, who later became Assistant Administrator of the Bureau for Technical Assistance. And then I rotated into the Institutional Development Office of the Bureau for Latin America which included a public administration division. I then ended up in a permanent civil service position in the Bureau for Latin America, Office of Brazilian Affairs. I was recruited by Gerry Gower, who had been an Intern in the class of 1962.

Let me just mention a little bit about the Brazil Program, because it was a big and important one in the mid-to-late 1960s. There were some changes in Brazilian politics going on in 1964, and a left-leaning regime under President Goulart took office. There was quite a bit of anxiety in Washington about whether that new government would lead Brazil in a more socialist direction, and into a more friendly relationship with the Soviet Union. A nonviolent revolution took place -- organized by some of the Brazilian States and the military -- that succeeded in ousting Goulart. And then U.S. assistance really poured in. I think that program was, for its time, comparable with USAID's Egypt program of the '80's and '90's. I remember, for example, that we had 16 different university contracts operating at one time. I had backstopping responsibility for several of them.

I worked directly for Shep Hollander who reported to Willy Feuerline, the senior AID officer, who reported to Ralph Burton, the Office Director. It was a joint STATE-AID operation. Burton represented both State Department and AID interests. His successor was Jack Kubisch, later Ambassador to Mexico, who also came from the State Department side. Now the staff remained separate; it was called a back-to-back arrangement and that was characteristic of the Latin American Bureau during that period. The Alliance for Progress structure was back-to-back with joint State Department and AID offices, and that was the only bureau of State/AID that operated in that way.

Q: How did you find it worked?

KORNHER: I think it worked rather well. It was highly visible because there were a lot of political considerations, State Department, Congressional and White House considerations, related to the Alliance for Progress; and to Brazilian and other country resource allocations, including the new sector loans. Fortunately, the Office of Brazilian Affairs and the "country team" in Brazil had really outstanding senior leadership and a creative, hard-working technical staff for the years I was there. Lincoln Gordon was Ambassador, and he had a broad, expansive vision of what needed to be done, along with a collaborative team-building style that worked well. For example, he exercised personal leadership in getting Brazilian private family planning activities started. We had several other senior people with great energy and talent in the field, including Mission Director Stuart Van Dyke, and in Washington as well. One of the latter was Sam Lewis, who later became Ambassador to Israel. Hollander was excellent in his oversight of all of the operating details in a very large and complex program. He was also ingenious at crafting answers to the difficult questions posed every year by Congressman Otto Passman, the Chairman of the House Appropriations Subcommittee.

Q: Did you have a sense that there was a heavy political hand on the USAID programming, and what we could and couldn't do?

KORNHER: No. It was much more that anything that would be useful, that fit within the broad agenda of the Alliance for Progress and was endorsed by the Brazilian Government, could get funded.. There was a lot of money flowing for the Alliance Programs. Also, I found our senior people very open and balanced in their judgments about program and technical matters, as well as the political side, and so that helped. In the field there was strong technical leadership by people like Ed Rizzo in public administration, Phil Schwab, Rosson Cardwell and Al Lackey in education, and Dick Newberg in agriculture, among others.

So the strong leadership helped to balance White House, State, and AID interests, as well as Congressional, technical, and country interests. I would refer any interested readers to the interview that you did with Stuart Van Dyke, who was Mission Director in Rio de Janeiro, and doubtless recounted -- I haven't read his interview yet -- but doubtless recounted what programs were like in Brazil during that period.

Q: Since you were mostly concerned with the university contracts, what was that arrangement and how do you think it worked?

KORNHER: I think those were generally excellent and influential programs. Based on their work in Brazil, I became a big fan of U.S. universities' contributions to international development work. In the field of agriculture, four U.S. universities worked with counterpart Brazilian universities. Purdue had a team at Vicos, Minas Gerais; Wisconsin was in Porto Alegre; Ohio State in Piracicaba, and Arizona in the State of Ceara. Vanderbilt was working with the economics faculty at the University of Sao Paulo. Michigan State had a team in business administration at the Getulio Vargas Foundation in Rio de Janeiro. There was an elementary education team from San Diego State at the University of Minas Gerais. All of them were extremely well received by the Brazilians. I heard that the Michigan State field team members were honored with an all-expenses-paid reunion in Brazil on the 10th anniversary of the completion of their project.

Some of the efforts had significant and visible impact. For example, the Brazilian State of Minas Gerais generated a primary education reform that affected the way the system was organized and the way teachers were selected and trained, books distributed, etc. The reform was strongly influenced and supported by the team from San Diego State. That work set a pattern for constructive changes in elementary education throughout the country.

Q: A good example. So how long were you in this position?

KORNHER: For three years, until 1967.

Q: Your rotation was there?

KORNHER: The three rotations as an Intern ended before I joined Brazilian Affairs.

Q: And you joined the office in what year?

KORNHER: That was 1964. So it was from 1964 to 1967 that I worked in the Bureau for Latin America, Office of Brazilian Affairs.

Q: Well, in those initial years, what was your impression of AID as an agency? What was your sense of what you were into?

KORNHER: I was quite impressed with AID, not only because of the scope and challenge of its programs, but also because of the innovative and able people that had been attracted to the organization. I found the people I was working with, a broad range of people, very committed to getting things done and to improving technical approaches, to working closely with host country people and institutions. I've never changed my mind about that. Some of them were extremely knowledgeable about the application of their specialties to international work. In the field of agriculture, Milo Cox in the AID Latin American Bureau's Agriculture Office was an amazing expert in all dimensions of agriculture in Latin America, and a great human being as well. When I needed to learn something about high lysine corn I'd go down and talk to Milo, who would patiently explain all I needed to know. In general, I think AID succeeded in building up an excellent staff.

But it's a challenging job when you step back and think about what the agency aspires to do. The resources and time frames are clearly inadequate to the aspirations. Then you have to move through a series of actors both within USAID and the contractor or grantee, and then to "ownership" and effective collaboration with the host country people, their views and priorities versus the views of the Mission and Washington, and then hope that something gets done. If it gets done and lasts beyond the project period, it is because the host country people are really committed to it.

Q: Did you have a sense of any particular development policy or development strategy or ideology?

KORNHER: At that time?

Q: What guided what you did and didn't do?

KORNHER: Well of course I was working at with the Alliance for Progress, which had an extremely ambitious agenda of trying to build the basis for new kinds of benefits for the people of Latin America and the Caribbean--notably including education, nutrition and health benefits. And for improved public administration, economic development, and agriculture, among other things. When you mount a huge program of that kind it is difficult to tell how efficiently the resources are being used. But I was quite impressed in Brazil, that even though the programs were built up fast, I think most of them worked quite well.

Q: Good. Well, after your three years there then you moved on?

Assignment in new Development Administration Division - 1967

KORNHER: Yes. I think a great deal of my career hinged on a phone call that I got when I was working on the Brazil desk one afternoon in the summer of 1967. It was a call from a fellow by the name of Jack Koteen. Now Jack had been involved in public administration training and then moved over to the new Development Administration Division in the Office of Program and Policy Coordination. He had been asked to build up a staff in an area that was called development administration. Jack told me that this program would have a kind of new look, since public administration assistance had a mixed record. Many critics considered the ongoing programs inadequate as a means to reform public sector management and get development moving.

There was a public administration division under Bill Lawson, which was quite effective in working with field missions and the regional bureaus and providing the field with information to support public administration programs. But Bill was going out to head the Brazil program, and PPC was looking for a new direction for the public administration programs.

Q: What is public administration? What is the scope of the program, what do you do in public administration?

KORNHER: We have, of course, some semantic issues around your question. Public administration at that time was focusing largely on civil service reform, personnel and training, national planning, tax administration, budgeting, census projects, capital projects, and decentralization. It was often “tool oriented,” assuming, for example, that better use of the tools of planning or budgeting, or personnel management would improve public sector performance. It was much less concerned with sector program management or with fostering private sector growth, which came along later. The critics of public administration at that time asked, “What is the relationship between public administration and development? It’s not very clear to us because in many circumstances preparing national plans or training civil servants, or writing better job descriptions doesn’t seem to get the development job done.” Of course, in fairness, there are many systemic problems that developing countries faced and still face that prevent civil servants from being effective.

Q: And there was what do you call it, a sort of an anti bureaucratic tone slipping into views about public administration?

KORNHER: Yes., if you ask what development results you get from civil service reform, it’s not too obvious.. So there was a gradual shift in AID’s perspective toward deciding which public services were most relevant to development purposes (like agricultural research, schools, health services, road maintenance and banking laws and regulation), and concentrating more on them. We were spending comparatively too much assistance money on building up or trying to reform bureaucracies, rather than focusing on key development functions of government and asking how those functions could be better managed.

Q: So you were working with Jack Koteen in the reorientation of this program under the new title

of Development Management, was that it?

KORNHER: It was usually called Development Administration.

Q: Development Administration. Well, what was the difference? What were you trying to bring about?

KORNHER: I came to prefer “Development Management” because it implies a more proactive role than “Administration.” But the official AID name was “Development Administration.” A simple definition would be the judicious choice and use of means to get development results. It includes both public sector and private sector roles, and the interactions between them.

The years from 1967-1971 when the development administration programs got started were an exciting period, a period of considerable learning and serious work on strategy. I credit Jack Koteen with laying the basis for work that went on for 25 years afterward, much of which we can talk about later. When the Bureau for Technical Assistance was created in 1969 Bill Siffin, a professor at Indiana University was brought in by the new Assistant Administrator, Joel Bernstein, to head up the Office of Development Administration. Bill was an expert on institutional development and a keen student of the strengths and weaknesses of public administration as a discipline, and its applications in developing countries. Koteen was Deputy, but they worked closely together, and Siffin contributed to and supported virtually all of the ideas we had been advancing. When Siffin went back to Indiana in 1971 Koteen became Director. Siffin continued to play an important role in institutional development research and helped broaden it from the organizational perspective to include systems and cultural perspectives.

I might just recount the themes that we developed from 1967 to 1971. In the first couple of years we did quite a bit of something you rarely have an opportunity to do in the Federal Service. We did some serious mapping of promising innovations, and laid out long-term technical strategies likely to have high payoff. We studied and discussed the strengths and weaknesses of ongoing public administration programs with people from the field, the regional bureaus, the World Bank, the United Nations, and the universities. We talked with colleagues in the Technical Assistance Methodology Division. We brought in consultants and experts, one of whom I remember was a systems theorist. Others were experts in public administration, planning, budgeting, and capital projects. We also talked a great deal with sector people, agricultural people, health and family planning people, and asked, “What are your program management problems, and what kinds of approaches are needed to make your programs work better?” Ed Rizzo was a budget and public administration expert who took a good deal of interest in health and family planning programs. David Jickling was a public administration and local government specialist. We talked extensively with Don Fiester, an agriculture and coffee expert with much field experience in Latin America, and with Milo Cox, whom I mentioned earlier. Later, Gerry Horne, an agriculture specialist, joined our staff. So, exploration of sector management needs, particularly in agriculture, was one emphasis.

Another theme was implementation of government plans. In the 1960s government planning was very popular in developing countries, and consumed a lot of time and effort. But too many of the

plans were nicely written, overly optimistic shelf documents that seldom got connected to resource allocations or to provision of specific government services. We worked with Al Waterston, who had done a book on development planning for the World Bank, to try to define remedies.

These questions about the difference between public administration and development administration were also being debated in academe, by members of the American Society for Public Administration and ASPA's "Comparative Administration Group" which had a Ford Foundation Grant. Also, a little later, by members of the Midwest Universities Consortium for International Activities. Bill Siffin at Indiana, Milton Esman at Pittsburgh (later at Cornell), Jack Montgomery at Harvard, Frank Sherwood at the University of Southern California (later Florida State), and Norman Uphoff at Cornell were among those thinking and writing extensively about the question. In 1969 Esman and Montgomery completed an influential paper commissioned by Koteen and published in the *Public Administration Review*, "Systems Approaches to Technical Cooperation: The Role of Development Administration."

On the business management side, H. Igor Ansoff was one of the first proponents of strategic management in the early 1970's. He became Dean of the business school at Vanderbilt University, which was working not only on strategic management, but also on a range of other business management innovations like organization development and team building. One important idea evolving at Vanderbilt was the need for business and government to adapt to fast-changing technology. This insight was prescient. If you think of the changes over the past 30 years--the influence of production technologies in agriculture and industry, health technology, certainly information and communication technology -- successful public management and business enterprise demand understanding and effective use of these new technologies.

Ray Goldberg at Harvard became well known in business management circles for his work on agribusiness. He used the idea of "commodity action systems" as the linchpin of his writing and consulting in agribusiness and export promotion. It had the advantage of being very practical and easy to convert into operational advice.

Art Mosher's little book, *Getting Agriculture Moving*, (1966) was a classic contribution to sound thinking about agriculture as a sector and a system, as well as a model of clear writing. Our approach to systems thinking and sectoral management was greatly influenced by it.

Another set of less sharply focused, but important questions centered on how to improve grass-roots participation in development and the capability of local action groups, for example, small farm families producing similar crops, or local governments providing responsive services. Means to involve the people who must put their labor and other resources together to provide key local services and get local development moving. That set of questions and responses extended later to private enterprise and public-private collaboration.

AID was experimenting with large sector and reform loans at that time. We tried to find out whether or not those loans were succeeding, and how improved analysis and management might make them work better. These examples illustrate some of the important ideas that were developed during the

period of the late '60s and early '70s.

Q: Why don't you describe this document, at this point?

KORNHER: I actually have three documents. The first is a six page memorandum published in 1970 called *Key Problems in Development Administration in the Low Income Countries: An Agenda for Action by the A.I.D. Bureau for Technical Assistance.* It laid out four "key problems" we thought could and should be on the agenda of the new Office of Development Administration. The first two were designated for "priority attention." They were: (1) The lack of managerial capacity to meet programmatic needs, particularly in agriculture, health, and family planning, at national, regional, and local levels. (2) The lack of capacity for local action, particularly institutionalized delivery systems involving public service structures to meet sector concerns." The second two "Key Problems" found to be of "considerable importance" were (3) The inadequacy of project management, and (4) The need for improvement of key development institutions: Institution Building.

The Key Problem memorandum was accompanied by the second document -- a Staff Paper -- also called *Key Problems in Development Administration.* It discussed the four key problems along with other problems found significant in the course of our staff work.

A third document issued in 1973, after the Office of Development Administration had launched its first four projects, was called *Interregional Programs in Development Administration.* This document is of course more action-oriented, since we had begun contract work and field work.

Q: Maybe we can capture some of these documents as annexes. These were documents you worked on as well?

KORNHER: Yes.

Q: What was your role in most of these documents?

KORNHER: I made inputs in the institutional development problem area, because Jack had assigned me to take the lead on looking into what was going on in academic studies and research and Agency thinking about institutional development. Also, I brought in some experience from the Latin American programs, and helped with writing, packaging and editing. Ed Rizzo and David Jickling were major contributors to the key problem paper and staff paper.

Q: Well, at that point in time what were the characteristics of development administration that contrasted with public administration. What was different?

KORNHER: What were we trying to do that was different? I think one very important difference was emphasis on development sectors and systems of action. Public service delivery usually implies a functional responsibility. For example, government agricultural programs often include research, extension, education, irrigation, land titling, and facilitating the delivery of inputs. The private sector usually handles input distribution, production, on-farm functions, quality control, transport and

marketing. You learn a good deal about how to manage successful development work by disaggregating development into sectors, and then asking what the public and private roles and management requirements are. The same thing works for health, family planning, education, or transportation. Our early programs targeted agricultural plan implementation, agribusiness, and then health and family planning. These efforts laid the basis for a great deal of important work later on. We considered both public and private sector roles in all the sectors, and what the interfaces should be. So I would say that one of the things that was new was sector management and systems of action within sectors.

Q: Okay.

KORNHER: A second one was seeing projects in developing countries as vehicles for producing development results over extended time periods. (This was later called “sustainability.”) Projects are privileged particles of development that can deliver lot of resources in a short period of time. The World Bank at that time emphasized technical analysis, project finance and economics as the main points of project development--all important, but incomplete. Projects work pretty well when it comes to creating infrastructure: building bridges, roads, ports, storage facilities or other physical assets. These are very appropriate objects of a project form of management. But the more we studied developing country projects, the more we realized that functions and services to support and sustain their flows of benefits and to involve stakeholders weren’t usually built into project design. Projects are temporary, they are enterprises that last one year, four years, whatever, but then end. Yet project payoffs unfold over time, and there must be other organization and management structures built up to help assure such continuing payoffs.

One valuable resources for project work that we got started in about 1974 and supported for 15 years was the Development Project Management Center (DPMC) in USDA. The Center was led by Morris Solomon, and had a very strong staff. An offshoot was the International Development Management Center at the University of Maryland led by Marcus Ingle.

We and DPMC worked on projects as such at first. But we soon began to link projects to private sector capabilities, to team training, to accountability needs, and to public sector program management. It’s one thing to finance and build an agricultural storage facility. That might be a private sector or a combined public-private effort. But who is going to run the storage facility afterwards, who is going to maintain it, where will the money come from for those continuing functions, and is the enterprise going to produce a continuing stream of benefits commensurate with the investment? The initial infrastructure investment is not enough. The most common failures in road projects and many construction projects in developing countries are failures to maintain. So it increases payoffs if projects are treated more like long term development ventures with benefits continuing well beyond the project period. Later on, this wider perspective led us to change DPMC’s name to “Development Program Management Center.” I think that the emphasis on projects and programs as instruments of effective development was a change that went well beyond conventional ideas about public administration.

And then, local action and participation. Helping create forms of organization that can successfully

involve people at the grassroots, in the villages or on the farms, in mobilizing resources, starting development ventures, getting needed inputs and services, and aggregating products for larger markets. This program area began in about 1972, led by Jerry French and Keith Sherper.

The agency made a major effort in community development from about 1950 to 1965, and in the “New Directions” emphasis on benefits for the poor and rural development participation from about 1974 to 1981. Sad to say, the conclusion at the end of both periods was that there were no “quick fixes” for bringing poor people into the mainstream of development, and that grassroots organizing hadn’t worked very well. And the grass-roots organizing, certainly in the rural development participation era, was too often turned to political rather than development purposes.

Perhaps Tanzania is the classic example. Though it was not a heavy-handed autocratic regime, the central government -- using centrally administered socialist ideas -- got its fingers into the organization of every village. It controlled the resources flowing to the villages mostly through public agencies and foreign NGOs. The Government’s purposes were much more political than developmental. It didn’t work. In fact, the whole era of rural development participation from about 1974 to 1981 produced disappointing results, and the effort was abandoned.

But the questions about local action and the processes of participation endured. What kinds of grassroots participation are important to development and democracy? How should developing countries organize such participation? The Office of Development Administration and its successors worked very hard to understand how local action and participation could be advanced by donor assistance. Much of the work was under a succession of contracts with Development Alternatives, Inc. and Cornell University. You can see some of the better answers that emerged in USAID’s current support for more autonomous local governments and systems of justice, microenterprises, small business development, and local organizations of civil society.

Q: Why don’t we come back to that toward the end? Was there another dimension to the development organization concept? You mentioned you were working on the institution building part of this. What does that mean; what do you mean by that?

KORNHER: Okay. If you look at “institutional development,” in USAID’s history, you find two related, but different sets of ideas and activities. The first, and easiest to grasp, arose from the organizational sciences during the 1960s. The underlying question is what are the conditions under which an organization becomes successful, provides benefits to the people who are involved with it, and can endure and become valued in a given social setting? Milton Esman, who was originally at Pittsburgh and later at Cornell, was one of the leading figures in academic work on institutional development from that point of view. Many others made important contributions. By the early ‘70s, the ideas had been well documented and tested on field projects. One convenient summary with many references is called *Institution Building: a Source Book*. It was written by Mel Blase in 1973 and updated in 1984. The source book contains excerpts and references from many people writing on the subject at the time, along with handy dandy checklists, that is, lists of important factors that field analysts can use to tag specific dimensions of organizational effectiveness.

Q: What do you understand it to be, in the light of this interest in development administration?

KORNHER: Institution Building -- the organizational point of view, is practical and useful, because most of USAID's work is with country organizations or networks of organizations, both private and governmental. Of course, at the outset a judgment needs to be made about whether an organization will work better as a private entity (profit or not-for profit), or a public entity. Much of the institution building work dealt with governmental organizations, and there was a tendency to gloss over the question of whether an organization dealing with economic markets would ever work efficiently under government auspices. I remember one agricultural advisor in the Technical Assistance Bureau in the early '70s who argued that AID support for government seed farms and seed sales was misplaced, because they should be private. He was right. This kind of bias was largely corrected in later years.

Institutional development work from an organizational perspective moved gradually toward concern for networks of organizations. Field research by Cornell University and Development Alternatives, Inc. in the mid 1970s pointed to the need for systems or networks of local organizations and also to the link between successful organizations and tangible contributions by small farm families.

Any organizational focus takes a lot for granted about the "rules of the larger game" in the setting where an organization is trying to get things done. Think of the frustrations of trying to run successful organizations in Nigeria or Haiti over the last 30 years. By 1980, partly because of increasing field research using political economy and new institutional economics, institutional development came to be defined more often in terms of the rules of the larger game and the structures of incentives that explain why individuals and organizations behave as they do.

This second approach to analysis and prescription for institutional development emerged in development studies in the 1980s. The new approach included attention to formal rules -- the constitution, laws and regulations -- and to informal rules. It also emphasized institutional economics -- incentives, transactions, and "rent seeking." This new line of thinking linked readily to issues of sectoral reform, policy reform and even constitutional reform needed to improve constructive rules and incentives. The approach is interdisciplinary; it draws on political economy, the new institutional economics, and public choice theory, as well as public finance economics, political science, anthropology, sectoral knowledge, and other more traditional development disciplines.

You can bring this broad perspective down to earth some by thinking about the rules that govern market transactions or government service delivery in a particular country, about appropriate governmental and nongovernmental roles and functions, about interest group politics and individual self-interest, "rent seeking," political payoffs, about property rights and other rules of the game affecting economic or service sectors, and about means of governance (including land use markets and policy, and corporate governance) that work well or not so well. When we get to the 1980s in our discussion I can talk a bit more about the use of this broader institutional development perspective as applied to decentralization.

Q: And this was integrated into the concept of development administration?

KORNHER: Yes. Lots of folks claimed the new kind of institutional analysis in the late 1980s. The agency's economists, private sector people, policy reform people, some sector people, and development administration people. That was OK, because the reform agenda was a legitimate concern of all those groups, and new money was mobilized by various offices to address an important problem area. Two of our projects that were relevant came along in the late 1980s, One was Decentralization, Finance and Management, and the other was Implementing Policy Change.

Q: Well let's come back to that in a minute. What was the reception to the program idea of development administration in the agency when you launched it in, what, 1970? What year was it?

The Office of Development Administration in the Technical Assistance Bureau

KORNHER: The Office of Development Administration was created in the Technical Assistance Bureau in 1969. So that's a good time marker. By the mid 1970s the sector management and systems ideas were accepted and having an important impact on agricultural, health, and family planning programs. The local action and participation ideas waxed and waned, but in general endured as a part of the agency's agenda. The strategic management, and project and program management ideas have been widely accepted. The integration of private and public sector perspectives gained momentum and flourished in the 1980s.

Q: But when you launched this program, this concept, did you get substantial resources to do something with it?

KORNHER: We got money for a staff of reasonable size, for new projects, and usually for follow-on projects. The projects we started in this period were the following: studies and dissemination in institutional development, agricultural management, agribusiness management, and managing small farmer development. A project called Modernizing Management, which began with an attempt to inventory and understand promising business management approaches and techniques was revised to focus on project management. A second generation of projects included health management, rural development participation, project management (evolving to extensive work on public program management and reform), management training, local revenue, agricultural marketing, organization and administration of integrated rural development, decentralization, and implementing policy change.

Q: That was a very substantial portfolio then?

KORNHER: It was, but I'm describing a progression of projects that lasted from about 1971 to 1990, so it was nearly 20 years.

Q: How did these projects work? How were they used?

KORNHER: May I also add this. My staying in a central bureau role working on development

administration over a period of 23 years helped produce continuity and a succession of projects in this field. Its a classic example of what David Korten and others call “learning process approach.” I worked with people in the regional bureaus and missions, learned about field needs, and sold projects and ideas to a succession of office directors: Bill Siffin, Jack Koteen, Nick Luykx, Harlan Hobgood, Jerry French, Chris Russell, Eric Chetwynd. But all of them welcomed the continuance of development administration projects that built on field experience responsive to host country needs and agency priorities. Projects based on solid research and development, testing of field relevance, and refinement of “wholesale” field service mechanisms require long periods of time. We were able to work in those longer time frames. So there was a stream of projects that moved, for example, from modernizing management to project management to public program management, to policy reform studies and to implementing policy change.

Q: Was there a core behind all of these? What was the difference between modern management and project management?

KORNHER: The modern management project and the project/program management work were both dealing with strategies, approaches and techniques of management and with means to achieve management improvement for governments and businesses. But the key was to deal with intermediate level systems of action, not the smaller tools like writing position descriptions that Bill Siffin had tagged as a weakness of the old public administration programs. The Modernizing Management project with Vanderbilt University began in about 1971. It was an attempt to inventory and evaluate the ideas and approaches to effective management that the Vanderbilt business school--H. Igor Ansoff and his faculty -- were teaching at that time. It was a business school, but with a strong concern for public management. It was there in part that we learned how important it is that business management be linked to technological change. Ray Radosevich, the leader of the contract team working under our project was also working with the University of San Paulo, helping Brazilians decide what technological changes were important to their business enterprises and public enterprises. We also looked into things like organizational development.

Q: Which means?

KORNHER: Organizational development is a means by which a business or public entity can mobilize external facilitators and inside leaders to decide what changes in its way of doing business, and in its management structures and processes, are needed to improve its effectiveness and efficiency. It includes building consensus and commitment to implement the needed changes. It includes team-building. It was originally quite behaviorally oriented, but has evolved to include both “hard” changes like finance and choice of technology, and “soft” changes like decision making, hierarchy, and quality of work life. One of the important discoveries of organizational development that has been picked up by USAID was that people can often work more effectively in teams, combining talents and resources to get results.

Q: I see. Well, was this evolution, you said, in the context of the other projects you were talking about?

KORNHER: Let's come back to the specific projects in our next interview. But I wanted to mention some of the other ideas that we were working with. I've already mentioned organizational development, technology. Sector management, we've covered that, as well. systems approaches. The latter may seem abstract in theory, but its easy to illustrate in the real world. If you have a budget system, but your accounting system doesn't tell you how much you've spent for nine months after you've spent it, you don't have timely data to feed back into your budget controls. That's a systems problem. The World Bank, went down to Jamaica -- I believe it was in the early '80s -- to try to help Jamaica improve its budget. But the Jamaicans didn't have timely data on what had been spent. So they found very quickly that they had to improve the accounting system, along with the budget system.

Let me mention a little bit about strategic management, which was another thing we looked into at Vanderbilt that has become very popular in business and public management in recent years. I think most readers of this interview will know something about strategic management, because of its wide use and the publicity that it has gotten. I prefer the term "strategic management." In the earlier days it was often known as strategic planning, but strategic management is better because it reminds us that we have to carry out what we plan.

I remember an address given by Peter Drucker, before the American Society for Public Administration, here in Washington back in about 1969. Peter Drucker is one of the gurus of business management who has written about 10 influential books. Someone from the audience asked him a question, saying, "Well, Mr. Drucker, what can be more important than sound planning, because if you don't know what your objectives are and where you are going, you can't get there." And Drucker said, "Only one thing is more important: carrying out your plan."

Q: Right, right.

KORNHER: So, Igor Ansoff emphasized that you must not only understand the environment in which your business is operating, define the business niche that you are in, choose technology that is not obsolescent, and select operating processes that enhance productivity, but also carry out the necessary changes to get the correct "fit" between your business and all the success factors in your outside environment and inside your business in order to assure profitability. Anyway, that view of strategic management was built into this early work.

Q: This is a fairly complex and comprehensive perspective on what you mean by development administration.

KORNHER: Yes, it is complex because you have to deal with both strategic and tactical factors. You have to deal with short-term and longer term decision making and implementation, with public and private management and their different underlying values and assumptions, and with factors in the larger environment.

Q: In this period, what are some examples of how this strategy and this concept of developmental administration were introduced into the agency and how was it made use of during that time?

KORNHER: Well, again, I think that sector management provide a good illustration. Sectoral team building within the agency was important. In agriculture we were working with the best thinkers and field operators in the agency. People like Gerry Horne, Don Fiester and Milo Cox, among others, and these people in turn had substantial influence on how agricultural programs were being designed and implemented out in the field. In 1973 Ed Rizzo developed strong links to the Health Office, including its Director, Dr. Lee Howard, which later led to a health management project in our office working closely with the Health Office and various missions. Following his retirement in 1974 Ed also worked extensively in consulting and contract roles with the Population Office. The sectoral people were very open to use of our ideas, and we were equally open to using their ideas based on their sectoral field experience.

Milo Cox, for example, was telling Joel Bernstein, the first head of the Bureau for Technical Assistance, that agricultural marketing should play a key role in AID's programs. We knew he was right, and tried to help him make the case. But it took some time for the agency to pay very much attention to agricultural marketing in addition to its traditional emphasis on production. It probably happened faster because of the interactions that were going on between various people and offices in the agency. Incidentally, we later picked up the banner of agricultural marketing ourselves. Tom Mehen in my division managed our agricultural marketing project through the 1980s--a very successful and popular project with a lot of field buy-ins.

Q: ...and in development administration. What happened to your own situation? You were in the civil service, and this was early on in your career. What was your role in all this, what evolved over this time in terms of your position?

KORNHER: I was personally responsible for institutional development and management improvement efforts, then project management. Let me just mention some of the people who were involved in the team effort, and I will leave out others, unfortunately. I mentioned Jack Koteen Gerry Horne was a specialist in agriculture, Ed Rizzo, who was a specialist in budgeting and public administration programs was responsible for links to population and health programs. Jerry French joined us in about 1972 after the Office became a part of the new Technical Assistance Bureau. He transferred from the Title IX Office which was concerned with political development; and Keith Sherper came, I believe, from the same office. Keith had a background in agriculture and rural development with field experience in Asia. And I've left out several others who made important contributions, but we created a staff that was interacting with each other and learning from each other and helping to build these projects and programs that we got started by the early '70s.

Q: How did you introduce these approaches and concepts to the field so they could get built into the Mission's programming?

KORNHER: I have to say that we learned to do this over time. And we made mistakes. In the early 1970s we first started working with regional training and research centers and a few national centers.

We learned that some of these regional centers were not as strong nor as well connected as we

thought they were. There was a relationship problem because most of the regional organizations were not directly linked with government policy and programs, nor with business enterprises, and not necessarily with USAID missions.

Q: Do you remember which centers these were?

KORNHER: Yes, I remember most of them. They included the Getulio Vargas Foundation in Rio de Janeiro, the Pan African Institute for Development in Cameroon, the African Center for Training and Research in Development Administration in Morocco, the Inter American Institute for Agricultural Sciences in Costa Rica, the Central American Institute of Business Administration in Nicaragua, and the Southeast Asian Regional Center for Graduate Study and Research in Agriculture in the Philippines.

Q: But the purpose of this was to help them?

KORNHER: Yes, to try to create a multiplier effect by introducing these project systems approaches and methods that had been developed by Vanderbilt and later our Development Project Management Center in USDA, and the agricultural implementation and agribusiness ideas that had been developed by Governmental Affairs Institute and Harvard University.

I came later to believe that this was, while not a bad idea, not as efficient as working with national programs. In some cases, it worked fairly well. For example, the Pan African Institute for Development (PAID) in Yaounde, Cameroon built some useful capabilities. Unfortunately, the Deputy of PAID got put in jail for a while for speaking out against some policies of the government.

Q: Did these regional centers work with national programs, or not?

KORNHER: Sometimes, for example they trained people from national programs. But the linkage was but not as close as would have been desirable. If you're dealing with the Ministry of Agriculture in Botswana, you know you are dealing with an organization that commands some continuing budget resources, has responsibility for improving agriculture in that country, and so on. Whereas if you are dealing with the Inter-American Institute for Agricultural Sciences, it doesn't command resources from a national budget, and is at least one step removed from the action of ministries or agricultural enterprises. So later we moved most of our links from regional institutions to USAID Mission projects that were working with the ministries or the ag marketing enterprises or the local governments, etc.

I don't wish to denigrate the work of some of these regional institutions. The Vargas Foundation has an excellent reputation, as did the Central American Institute of Business Administration, among other institutions we were working with. The Pan African Institute for Development had a good program. I was out there two or three times to see it first hand. But being one step removed from the national action was not as good as working with country programs or institutions via AID projects.

Q: Any of these national programs stand out in your mind?

KORNHER: As a generalization, government training institutions or management support institutions were a disaster. There were exceptions. In Egypt for a time, when they got really first rate leadership at one of the national management institutes it took off and did really good things, had an influence on Sadat's programs, and so on. But, then, unfortunately, the leader of that program had a heart attack and died and the center withered again. But most of the national management institutes, government run, became dumping grounds for bureaucrats that were kind of "on the shelf" for one reason or another. They did not have a sufficient action orientation, they used lecture methods, and they focused on the law rather than management, things like that. Most of them just didn't work very well.

There may be a resource threshold problem as well. I think management support institutions in Europe and in the United States work in part because they have enough money to hire full-time, able professionals, who have the incentives and commitment to provide the assistance, and also have a strong client orientation. No doubt, countries in intermediary stages of development move toward that, countries like Korea and Thailand. Thailand's Institute of Development Administration was better than most.

So we gradually turned to more direct work with the field missions and to joint funding of field activities. We used both contract and grant intermediaries to work hand-in-glove with Mission and host country people on project development, studies, evaluation, design, training and implementation. And that had a much broader effect.

Q: Was there any Mission or set of Missions which seemed to pick these up fairly quickly; do you recall of any you were involved with?

KORNHER: Yes, but since there were other project officers, there were more early field relationships than I will remember. Early field links of the local action work included Kenya, Lesotho, Bolivia, Peru and Paraguay, and later the Philippines and Sri Lanka. Central American Missions including Costa Rica, plus the Kenya and Philippine Missions, were interested in the agribusiness work. Cameroon, which was supporting some activities of the Pan African Institute for Development, was one of our project management sites, and we worked closely together. I remember some ag sector work in Ghana; I believe you were the Director there in the late '70's when I was helping design the renewal of an agricultural extension project. I worked on the redesign team and the people in the Mission were very receptive to making adjustments in that project.

We went out to Brong Ahafo and asked the extension agents located in that regional center what they did about extension to the small farms away from the city. They said, "we go out and provide advice and services to small farm families. Then we sent our vouchers to Accra, and it took a long time to get any money back for the trips we took.. When we do get money back it was only after they sent back the voucher saying explain this, explain that, we disallow this, we disallow that." It was a small example of how bureaucratic procedures get in the way of doing a development job.

Q: Well wasn't that a function of public administration reform, to try to make that work? Or did it perhaps just make it more cumbersome?

KORNHER: From one point of view it was encouraging that there was some financial oversight. But the delays and disallowances created disincentives for the extension agents. Part of the problem was doubtless a shortage of money to properly fund extension. I sometimes wondered if agricultural extension services are worth their cost in the poorer countries. If ag research finds means to increase production significantly, farmers usually find out soon enough. Ghana, like most of the countries we worked with had little money for agricultural extension or any other services. The more I learned about most countries' resource constraints and low salaries, the more I cringed when yet another donor team came in and said, "why don't you expand your staff by four or five people?"

Your training team in Ghana was also doing a fine job of getting out into the small towns and rural areas.

Q: We had a development administration specialist on the staff there. Did you have development administration direct hire staff in other Missions?

KORNHER: Yes, there were public and development administration staff in the regional bureaus and in many missions through the 1960s and much of '70s. There were large-scale public administration programs in a number of countries. Turkey had an ambitious program led by Tom Thorsen. Korea and the Philippines had large programs. In Vietnam there were literally hundreds of public administration advisors as the program built up in the late 1960s.

Q: Iran, I think, had a big program, too.

KORNHER: Yes, it did. Brazil -- Ed Rizzo led the buildup of budgeting, revenue, statistical and municipal development programs in the late 1960s. In many countries similar emphases, along with civil service training and reform efforts, were underway. Dave Jickling was involved in sizable programs in Bolivia and other Latin American countries.

In the 1970s, in most countries other than Vietnam, the public administration projects began a gradual decline. One or two programs, like Egypt, grew larger. And public administration projects of various kinds persisted. AID's legislation specifically cited public administration as an area for continuing assistance. AID Administrators reaffirmed the value of many of these programs in 1974 and in a 1977 Policy Determination.

Q: Was there building, also, of institutions for training civil servants?

KORNHER: There were many training institutes around the world. Only a few of the government personnel training units were very effective. I came to believe that it would usually be better to contract-out government training.

Q: Were they declining because the job was largely done, or did people just lose interest?

KORNHER: It was not that the job was done. The need for personnel training in government and business is continuous. The life-long learning idea. Today, for example, businesses and governments need to be doing a lot of training to keep people up to speed on the information revolution. The institutes were sometimes ineffective because they were dumping grounds for tired old bureaucrats who were not professionally well qualified nor strongly committed to a dynamic, pro-active, no-nonsense training function. Even those institutes that had leadership were perennially short of money, and much of the money they had was spent maintaining buildings and grounds rather than for training. Donor money was put to good use in some cases, but that was not a long-term solution.

Q: What was the office you were in, how big a staff did you have, and where was your position in this?

KORNHER: I was originally a project officer in the Development Administration Division of PPC from 1967-69. The Division had about six people, including a field information specialist (Carol Piper, succeeded by Dimetra Crassas) and a secretary (Beatrice Graham). I had responsibility at first for institutional development, management improvement and project management work.

After President Nixon took office in 1969 the Bureau for Technical Assistance was created and picked up the technical functions that had been in PPC. Our Division was upgraded to become the Office of Development Administration with Bill Siffin as Director for the first two years and Jack Koteen as Deputy. Koteen became Director when Siffin returned to Indiana. Ed Rizzo left on a special assignment for the Office of Management and Budget from 1970 to 1973, and then returned as Koteen's Deputy. We recruited Jerry French and Keith Sherper to manage the local action effort, and started up four new projects by 1973. But we suffered serious staff losses with the departure of Jickling for a field assignment, and the retirement in 1974 of Horne, Rizzo and Koteen in quick succession. Jerry French became Acting Director.

Q: It was the Office of Development Administration?

KORNHER: Right. The work we had been doing aroused considerable interest in some parts of the agency, and Jack Koteen was a good salesman. Curt Farrar, the Assistant Administrator of the Technical Assistance Bureau who had succeeded Joel Bernstein, asked for a Work Group to find out whether there was growing acceptance for the new ideas and approaches, and if so, how these programs might be expanded and used in other parts of the agency.

Q: When was this?

KORNHER: This was 1974, just after Koteen retired. The chairman of the Work Group was the former Director General of the Foreign Service, Ambassador Bill Hall. In addition to trying to keep a couple of projects going, I was Staff Director of that group. I felt a bit frustrated, because the work in Washington inevitably delayed project field work which I thought was of equal or perhaps greater importance.

I worked closely with Ambassador Hall and some senior members of the Work Group to lay out the justification for an expanded program. There were quite a few people who accepted these new ideas and quite a few who felt it was just a new face on the old-style public administration programs. So the results of the Work Group effort were officially supportive, but really inconclusive.

Q: So it didn't lead to any change?

KORNHER: Not major changes. We were able to maintain a small staff, implement the projects in the portfolio, and gradually increase field linkages. Sectoral management approaches took hold in agriculture, family planning and health. And we got a supportive policy determination in 1977. But there was no strong reaction across the agency that development administration was the wave of the future.

Q: So, then, what happened to the office?

KORNHER: Jerry French left for a field assignment. If I recall correctly he went to Tanzania as Mission Director. I became Acting Director for a year starting in 1976. Curt Farrar began a search for a new Office Director and came up with Nicholas Luykx, who had been at the East-West Center. So Nick came in 1977. He had a mandate for leadership, but didn't get additional resources. Nick stayed in that position for a couple of years and then moved on to the Nutrition Office.

Q: Did he add any particular dimension to it substantively?

KORNHER: Asian experience, which was helpful. And he embraced and was a good representative of the ideas that we were trying to advance. He was very interested in and supportive of the agribusiness project, and led a conference at which Ray Goldberg and associates presented Harvard's end-of-project findings. But Nick also was busy learning about AID, and as you can imagine that took a period of time. So he basically was very supportive of the ongoing programs, but did not attempt to introduce major changes.

Q: So, he left, and then what happened?

Office mergers; becomes Chief, Development Administration Division, 1983

KORNHER: Then we had a succession of career Office Directors through the '80s and '90s. They were Harlan Hobgood, Jerry French, Chris Russell, and Eric Chetwynd. All of these people were very experienced and kept our programs visible and funded, even as resources declined and we came to rely more and more on field funding, or "buy-ins" to our central projects.

Q: Was this still under Development Administration, the same office, or did they change it?

KORNHER: There was a merger of the Development Administration and Rural Development Offices under Harlan Hobgood in 1979. The merged Office was called "Rural Development and

Development Administration.”

Q: In which there was a unit for Development Administration?

KORNHER: Yes. The former Office of Development Administration became a division of the merged office and kept the same name.

Q: And you were head of the Development Administration unit?

KORNHER: Norman Nicholson was head of the Development Administration Division under Hobgood, and then when Jerry French succeeded Hobgood and Nicholson moved to another position, I became Division Chief.

Q: And you became Division Chief in what year?

KORNHER: That was 1983.

Q: Well, you might want to elaborate on the evolution since then of the office's name, so we get that story, too.

KORNHER: Yes. Jerry French succeeded Hobgood, and there was a further merger with the Office of Urban Development in 1982. The merged Office was then called “Multisectoral Development.” Later the name became “Rural and Institutional Development,” and then “Economic and Institutional Development.” That takes us to 1993 when the Center for Democracy and Governance was created in the new Global Bureau. The part of the combined office that prospered the most in the mid to late 1980s was the small enterprise division

Q: What happened to the development administration unit?

KORNHER : My Division, which I called “Institutional Development and Management” though it was still on the books as “Development Administration,” got a reasonable share of declining central funding, and the field missions and the Africa Bureau increased the levels of funding they were providing.

Q: Let's continue a little more about the evolution of the office and the bureau during that time because you had a nice overview of that whole time period. Were the differences just name changes or conceptual changes in what they were supposed to be doing?

KORNHER: One key reason for renaming the central technical bureaus and repackaging their agenda was political. When a new Administration came in, especially with a change of political party, it always wanted to give the agency and the central technical bureau a new look. So, there was a good degree of continuity with the Technical Assistance Bureau during the Nixon/Ford years from 1969 to 1977. Then the Carter Administration recast it as the Development Support Bureau from 1977-81. The Science and Technology Bureau lasted through the Reagan-Bush years from 1981-1993. The

Clinton Administration's Global Bureau will presumably continue for eight years, from 1993 to 2001. You also asked the question whether these programs changed.

Q: Were there different emphases in these different programs?

KORNHER: The answer is yes and no. The central technical bureaus always had a core of functions that didn't change very much. Those included the core sectoral programs of health, education, agriculture, nutrition, population, housing and urban development, and the multisector development areas. The latter included rural, urban and regional development; participation; social soundness and some women in development work, microenterprise, and development administration. Now, those various sectoral and multisectoral programs were never cut out. Some were pruned or merged from time to time, and all had to adjust to reduced operating funds over an extended period. To take one example, education has waxed and waned in the emphasis it has received over the years. Primary education and educational technology were emphasized for several years, and then declined. One education emphasis in the Global Bureau is girls' education, which I believe has attracted some additional money.

Multisector development changed more than the other sectors, partly because it has more components. When the microenterprise development efforts were successful, they were shunted off to get more visibility in the State Department building under what was then the Bureau for Private Enterprise. So that was a significant reduction in the sum of our office programs--a reward for success! Also, as I mentioned earlier, programs like rural development participation were very popular for a time, but then discredited, so there were ups and downs of that kind. There have also been changes in external partners. Funding for universities has declined in the '90s while commercial contracting and grants for NGOs have increased as a proportion of total program funding.

Q: What about functions of the bureau in terms of research and services, what was the function of the bureau not by sector?

KORNHER: The names of the Bureaus had some significance in that regard. The Technical Assistance Bureau was pretty balanced regarding its emphasis on field services and research. The Development Support Bureau emphasized field services and, given limited resources, there were cutbacks in research and development funding. The Science and Technology Bureau, as the name implies, tended somewhat more toward technology interests, such as the agricultural research centers around the world. R&D became more legitimate than it had been under the Development Support Bureau.

Let me mention a bit about the tug-of-war between R&D on one hand, and field service on the other. The regional bureaus and the field missions generally saw central resources as competing with field resources. So their position was that resources for technical assistance going to the central bureau ought to come back to the field in the form of in-country work by central bureau staff and contractors. Also that the work should address practical country issues and help meet their operational requirements. Interestingly, they fairly often defined their operational requirements to include studies, even applied research.

The mission views on this were legitimate. If you dilute field resources by allocating too much to the center you put pressure on field operations. On the other hand, the central bureau position was that allocations to knowledge consolidation and applied research are important so that you don't continue to use old and inferior ideas and approaches in field work. So there tends to be a creative tension between what the central bureau is supposed to do in R&D and what it is supposed to do in field service. In addition, whether explicit or implicit, the central bureau is involved with cultivating USAID's U.S. constituencies. During my years the interaction was mainly with universities. Now it has shifted more to NGOs and commercial contractors.

Q: What was your view of what the bureau's function was in terms of the things you were working on?

KORNHER: I believe it is vital for the central technical bureau to really know what development is about at both strategic and tactical levels, and by technical function. And to accumulate lessons of experience as you, Haven, advocated in your leadership of the Center for Development Information and Evaluation (CDIE). It is a sad waste of resources and a disservice to the countries and people we're supposed to be helping if costly old mistakes are repeated. So I think it is the responsibility of the central bureau to get it right.

One way to do that is to support the CDIE function of what we used to call a memory bank, including evaluations and knowledge consolidation. The task is to document what has worked and what has not worked in specific technical areas, projects, and countries, and to define the processes of design, procurement, implementation and evaluation that are more likely to produce good results. Another way is to be able to deliver knowledge-based expertise when the missions need it. When you have people in the field who are asking for help, they ought to get really topnotch knowledge-based help. But to provide such help from either USAID staff or external resources requires at least constant learning by the field support providers, and better, involvement in research as well. I think resources should be allocated to continuously review and document the lessons of experience and achieve real depth of expertise. You can get such expertise from experienced in-house staff, from firms, from universities, and from some NGOs. But I am absolutely convinced that good field support has to be based on a solid body of knowledge and experience relevant to the field needs.

So I think the creative tension ought to be continued. The central bureaus ought to have money for systematic learning and applied research. But systematic learning and research are useless to USAID if they don't get put to use in the field. I should also mention that the buy-in idea helped out quite a bit in matching field and central bureau interests.

Q: What's that?

KORNHER: Okay. "Buy-ins" began to be used in the late 1970s and became more important in the 80's. USAID missions would provide funds to get services from central bureau projects. To some extent the central bureau budgets were reduced. That produced kind of an automatic customer relationship. If you wanted to have your Washington-based enterprise succeed and grow you had to

provide services that the field people were willing to pay for. That was a good incentive mechanism because the central bureau units that were entrepreneurial and maintained good relations and high relevance to field activities got more buy-ins than those that did not. They even got field money for country studies and occasional applied research.

But the more difficult question for me is how much serious research the central tech bureau ought to do. To take an example, there were millions spent in attempts to get a vaccination for malaria. That was real research. It turned out to be unsuccessful, but some research isn't successful. So I didn't think it was a mistake to try. In the social sciences it is much tougher to define the boundary between knowledge consolidation and serious applied research. Quite a bit of USAID's social science "research" is really inference from a very small sample of cases. That creates a high risk for both validity and reliability. I think that in my career I only had one project that was a serious, respectable research project.

Q: And what was that?

KORNHER: The decentralization project in 1987. I thought it was necessary because decentralization has several definitions, some of which are contradictory, and the desired outcomes of assistance haven't happened in most developing countries. USAID really didn't have a good grip on factor weights and causal relationships in talking about successful "decentralization." The approaches offered by public administration as a discipline hadn't been sufficient. So the project was intended to fund up to seven years of serious interdisciplinary applied research drawing on political scientists, public-finance economists, organizational specialists, new institutional economists and field operators to develop a new and more powerful framework of factors to explain how successful local action can be better supported. The intent for Phase II was to spend seven more years working in specific countries that wanted to try to implement the new formulas for success. The first seven years were funded, but Phase II was not.

Q: Well, do you want to take the time now to talk about what you learned in that, that's a very key component of your work.

KORNHER: Perhaps we should do the decentralization project in our next session.

Q: Yes. Let's just sum up before we go on to the projects in the next session. Talk about your own career, what happened over this time? You worked on the decentralization project. What were some of the other things, without going into detail, that you were concerned with in that process?

Views on acquisition and competition

KORNHER: I would like to touch briefly on the agency's acquisition mechanisms and competition, and perhaps challenge some current norms a little. When we were building up these projects in the early 70's, competition was not as much emphasized as it is now. Competition was used in commercial contracts, but in the case of universities, the acquisition regulations permitted non-competitive selection. So in the agribusiness domain we selected Harvard because Ray Goldberg

at Harvard was one of the preeminent thinkers and consultants in international agribusiness, especially on export approaches. Similarly, the university contract with Vanderbilt was sole source. These contracts were successful. So non-competitive procurement worked very well. Also, we later used cooperative agreements with considerable success.

What concerns me about over-emphasis on competition, which is now seen by many as THE key to effective Federal acquisition, is first that the means are emphasized much more than the end. The end is supposed to be excellent performance. For USAID I believe the most important factors needed to achieve excellent performance defined as development results are knowledge-based competence and a relationship of confidence between the host country people and the service providers. What you often destroy by repeated requirements for competition is a continuing relationship of confidence. Sometimes, especially when USAID accepts "low-ball" bids, you destroy competence as well.

When I was working for a contractor of the ENI Bureau in 1996-98 I found that we had to compete for the basic contract and then we competed for each task order. The task order lasts a year or at most 18 months. And then you compete again. No one on the US Government side seems to be thinking about the administrative costs to the contractors, to USAID, and to host countries, of these repeated competitions. So in thinking back about some of these mechanisms, and particularly the university contracts and cooperative agreements, I think there is little to be gained in executing a contract instead of an assistance mechanism -- a cooperative agreement. And there is more than excessive administrative costs to be lost if, after you have selected a contractor and the contractor has established relations of confidence with the host country stakeholders, you require a new competition.

One of the things we had going for us in some of these early projects was continuity. And when we had a preeminent agribusiness specialist like Ray Goldberg or a local revenue specialist like Roy Bahl orchestrating our country linkages, they worked. They were handled beautifully.

Q: What kind of a contract was that?

KORNHER: These were non-competitive or limited-competition university contracts, which would probably be impossible today.

Q: How would you select somebody like that to be sure that other people were confident that you were not just selecting your friends?

KORNHER: Well that's the dilemma of sole source procurement. Perhaps the best procedure is to have an initial open competition for a commercial contract, or use at least limited competition with justification for a cooperative agreement.

Q: But for long term effort?

KORNHER: Right. Once selected, as long as performance is good, why not a five-year effort rather than one year, and why not allow administrative discretion in the award of task orders

under the umbrella contract?

Views on development management projects

Q: Let's turn now to your views and descriptions of the development management projects for the period from the 1970s up to 1990, '95. Take each one, what is the project, and what was your role in it and what did you think about it?

KORNHER: USAID projects always have to represent the policy and ideas in good currency at the time they are developed. And, of course, policies and ideas change over time. They reflect the policies of the current Administration and the emphases of legislation. USAID has operated for many years on the authorizing legislation of 1971, but it has been amended at frequent intervals.

So, inasmuch as programs and project development reflect the ideas in good currency and the policies of the current Administration and of Congress, it was no accident that humanitarian assistance was emphasized during the Carter Administration and private enterprise during the Reagan years. So it's important, I think, to understand the context in which projects are developed, the context of policy, legislation and of technical ideas in good currency. As to the latter, lessons of experience, evaluations, academic work and advocates all have an important influence on the ideas in good currency that help shape projects.

I'd like to cite a source that is really excellent in describing the context in which projects were developed in the field of development management from the 1960s up to 1987. It covers the changing policy emphases of Congress and successive Administrations, as well as that of AID itself. The book is by Dennis Rondinelli, and it is called *Development Administration and U.S. Foreign Aid Policy*. It was published by Lynn Rheiner publishers in 1987. Dennis, along with Ray Radosevich, was the co-leader of the work that we sponsored at Vanderbilt University, which I mentioned earlier. This book was subsidized by one of our projects, but I think we got a good deal more than we paid for in Dennis' effort to lay out the evolution of some of these programs and context of policy and ideas in good currency.

Q: Were you involved in getting this book developed and done?

KORNHER: Yes. I was one of the people who thought it was a good idea and so our division provided a little seed money through a cooperative agreement we had with the National Association of Schools of Public Affairs and Administration (NASPAA). NASPAA paid Dennis to get started on the book. We also made the publishing arrangements with a guarantee of a certain number of books.

Q: Were you involved in the development of the text, or the substance?

KORNHER: No. I had discussions with your wife, Jeanne North, who was project manager, with Dennis and others about the content of the book. But I was not deeply involved in the writing or articulating the ideas. I would credit Jeanne, Dennis and others that he cites in the book.

Q: Any particular theme that runs through the book?

KORNHER: Yes. The projects that he cited were of two kinds. First, projects that contributed to understanding of successful local action in developing countries and second, projects that contributed to organization and management improvement. Many of the themes in this book, lessons of experience reflected there, are and remain very important for U.S. aid policy and internal management, as well as the success of efforts to help developing countries improve their management.

Just to give one example of this. There was an exercise known as PBAR, back in the late 1960's, which was very well intentioned.

Q: This was Program Budgeting, Accounting and Reporting, PBAR?

KORNHER: I think that's the right acronym. You have a good memory! It was a very well intentioned effort by some very smart people to bring some order and discipline into AID's project development and management process. But its outcome was to require in the design process a very elaborate set of a priori specifications as to what the projects were supposed to do. You know, trying to predict how a project would unfold, and what the inputs needed to be and what the outcomes were going to be. Well, Rondinelli's work, and other literature that he cites, show that this does not work very well; especially in local or rural development kinds of projects. For local action projects you have to go out and learn on the ground, learn as you go.

You have to get the advice of the local people, who are supposed to get the benefits of the project, you have to develop local leadership and you have to mobilize local resources. In the a priori or "blueprint" approach to project or program development, you're missing the point that learning with local participants and getting them in the forefront of the action is really what it's about. And that is not predictable before the fact, or certainly not precisely predictable.

So the PBAR idea, in other words, was too control-oriented. There are questions being raised with USAID today, particularly by the non-governmental organizations, as to whether the current reengineering approaches to project development, intermediate objectives and indicators, may not have some of the flavor of this control-oriented approach. So that's an example of one lesson of experience that is well-documented in Rondinelli's work.

It is also very useful for anyone who wants to understand the policy and program emphases that affected development administration from the 1950's through the mid 80's. Now, while I said that there are constant changes in policy and ideas in good currency, there are also themes that endure and recur in international development. In our first interview I mentioned that public administration, or at least the label of public administration, lost some of its popularity in AID in the late 60's and '70s. But the New Directions amendments to the Foreign Assistance Act that were passed in 1973 specified public administration as one of the emphasis areas.

Q: And they called it Public Administration?

KORNHER: Yes, specifically, public administration. So there was a little different view in Congress than there was in some circles of USAID itself. But, it is also a fair question as to what people mean when they say public administration. In our programs we were at that time emphasizing systems of action and sectoral management and processes of program management and management improvement, including training. Clearly the ministries of agriculture have to get involved in providing services in any country we are helping, but that is a little different twist on public administration than the civil service reform programs of the '50s and '60s.

Now, among the themes that endured and recurred among the ideas in good currency were two that were very important for our projects from 1971 to 1990. Let's call the first theme local action, and the second organization and management improvement.

Rondinelli's book, relying largely on a 1978 retrospective study by Lane Holdcroft, points out that community development was a big emphasis of AID programs during the 1950s and 1960s. So the theme of local action was not new in the '70s, '80s and '90s. There was also, in these earlier eras, considerable attention to decentralization, to local government and local revenue, and other themes of local action. But in the 50s and early '60s community development was the big one.

By the mid '60s, community development was seen as soaking up a lot of resources with outcomes that were disappointing in most cases. And so, as we were thinking about assistance efforts in that era, we were thinking of other mechanisms that could promote local action.

Q: Do you have an understanding of why the community development approach wasn't getting the results people expected?

KORNHER: Part of it was that it did not build enough on indigenous people and organizations and resources. There was some good research later that pointed out that leadership and involvement by local people, plus their contribution of resources, was important to successful local action. And community development, as I understand it, was more coming in from the outside and trying to organize people. That style of external management persisted through the New Directions years, too. I believe I mentioned earlier that it was very evident in some African countries in their internal politics and bureaucracy, as well as in external assistance. The political party (usually unitary) and the central ministries wanted to organize the villages, rather than helping the local people to organize to do things they wanted to do. And that style simply doesn't work.

There is an excellent account of community development in the Lane Holdcroft paper. I would recommend it to anyone who wants to delve into the community development era.

Q: You were talking about local action?

KORNHER: Yes. The labels of the '70s and '80s were things like decentralization, small farmer organization, rural development participation, integrated rural development, managing benefits to the

poor. In the '90s local action themes shifted again and became things like local government, governance, best practices for local government, and organizations of civil society. All of these are easily accommodated, it seems to me, under the label of local action which we came up with in the late 1960s.

Similarly, organization and management improvement received much emphasis as "public administration" in the 1950s and 1960s. In the '70s and '80s, organization and management improvement continued to receive some emphasis but under different labels like sectoral management, institution building, organization and administration of rural development, project and program management, policy change, and so on. In the '90s, important labels for management improvement became policy implementation, governance, capacity building, and best practices.

So let's turn to some of the projects of the '70s and '80s that were sponsored by the original Office of Development Administration and its larger successors. These successor offices were the Office of Rural Development and Development Administration, the Office of Multi Sector Development, which incorporated the Urban Development Office. Then, it became the Office of Rural and Institutional Development. And about 1991, it became the Office of Economic and Institutional Development. One of the reasons for the economic designation was that there was much more concern with small enterprise, private enterprise, and economic growth in the mix, and also with the economic components of institutional development, than there had been in earlier periods.

I will have to leave out or only mention briefly in this interview the projects which I was not directly involved with, which were developed by other divisions in the office, even though some of them made significant contributions to development management.

Q: Such as?

KORNHER: Such as micro enterprise, urban development and regional development projects. I shall also give limited time to Agricultural Marketing, one important and successful project managed in my division by Tom Mehen. It was a second-generation project in the category of agribusiness.

Q: All right.

KORNHER: So, first let's talk about the organization and management improvement projects. In our first session I mentioned the modernizing management project with Vanderbilt University. That started in about 1972, and it explored new methods for management improvement such as strategic management, and organizational development. Another important knowledge building activity that we supported in these early days was the Program of Advanced Studies in Institution Building and Technical Assistance Methodology at Indiana University. This long title was abbreviated to PASITAM. It was run by Bill Siffin, and if memory serves, originally sponsored by the Division of Technical Assistance Methodology. The program published books and monographs, and identified and circulated summaries of current studies in a newsletter. PASITAM monitored and reported findings in institutional development and management partly based on U.S. experience, but increasingly from developing countries. It gave special attention to the need to adapt managerial

approaches and techniques to the context of developing countries' politics and culture.

I remember, for example, one very good study in Korea that described how procurement practices there were much different than procurement practices in the United States. And you really shouldn't talk about procurement in Korea without understanding the cultural context, because it was so different from the way it worked here.

The Modernizing Management project with Vanderbilt was revised after a couple of years to emphasize project management. It produced over its final two years, 1972-'74, a final report and set of learning materials for project management improvement that emphasized the entire cycle of project benefits and managerial factors in addition to the traditional technical, economic and financial factors. The successor project was called Project Management.

Q: What were the reasons for these changes?

KORNHER: At that time the approach to project development at the World Bank, which set the standards for the development community, emphasized technical analysis and economic and financial analysis. That is, getting it right at the front end, being sure that there was going to be a viable technology, economic payoff, that there would be a sensible flow of finances into the project to achieve completion on time, and so on. Now this model was pretty good for creating infrastructure, but as projects moved toward more service delivery and people-oriented change, it proved to be incomplete. Also, it didn't pay nearly enough attention to the downstream problems in implementing projects -- maintenance, renovation, service delivery and so on, that inevitably had a big impact on the flow of benefits after the project period ended.

So the Vanderbilt people, and a consultant to our office, Morris Solomon, were saying that the approaches that the World Bank and to some extent USAID were using had to be expanded with attention to the entire project cycle. What uses are going to be made of the facilities, how are people going to be involved in their use, how will benefits be assured over long time periods? Not just the analysis in design stage but the implementation stage, the service-delivery, maintenance and renovation stages, the whole project cycle. And, indeed, if one looks at failures of projects they often come in the downstream failure to maintain, or the failure to continue the flow of services contemplated in the project's design.

There were some criticisms of the work at the time because it was drawn largely from U.S. business experience, not sufficiently informed by empirical study of projects in developing countries. Nevertheless I think it was an important contribution to sound project planning and implementation.

In addition to the work on project management, the Office of Development Administration launched two projects that contributed a good deal to management improvement in the early 1970s. These were agriculture sector management efforts. The first was called the Agriculture Sector Implementation Project, which was contracted to the Governmental Affairs Institute and led by Al Waterston. Waterston had worked for the World Bank and had been involved in work on planning -- governmental planning, program planning, project planning. He became a very strong advocate

of one of the themes that emerged at Vanderbilt, namely that implementation is at least as important as good design or good planning. So this was also a finding of Waterston and his work at the World Bank.

Q: Was there any particular theme in this context, of how to carry out a project?

KORNHER: The starting points, it seems to me, is to look at the whole project cycle, at the downstream needs for continuing reliable service delivery and maintenance, at the involvement of people in projects, and to figure out how to do that. And I've already said that you cannot blueprint the way a rural development project is going to work. You have to go out there and find out how to make it work with local resources, local leadership, and local organizations. Many of these themes were echoed by Waterston and built into his recommendations as to how you had to move from planning into agricultural implementation, reliable research, extension, credit, and other services, mobilization of local resources delivery, and involvement of local people. So that was the work at the Governmental Affairs Institute.

And the second ag sector project which I mentioned earlier in our discussion was also a significant contribution. It was Agribusiness Management contracted to the Harvard Business School. That project lasted from about 1973 to about 1977. I was pleased that we were ahead of our time, because shortly after that project ended, agribusiness again became an important theme in USAID. A lot of the materials, a lot of the ideas that had been developed by Ray Goldberg and associates at Harvard, were quite useful in agribusiness projects, including agricultural marketing projects.

The basic ideas were fairly simple but quite powerful. Goldberg argued that the way to look at agribusiness development is through what he called "commodity action systems". That means that an agricultural enterprise has to have a market to be successful. So you have to trace the process from "seeds to consumer." You have to do what is necessary in a systematic sequence of events to be sure that you achieve not only the production, which had always been a part of ag programs, but also quality control, crops ripening in sufficient quantity at a particular time, having the transportation to the market there when the crops are ripe, being sure that you have refrigeration, a systematic link to markets so that your produce or whatever you're producing gets sold and turns a profit all the way back through the chain. Fairly simple, but I think powerful ideas.

Q: A systems approach to it?

KORNHER: Exactly. A systems approach.

Q: It all sounds like common sense. But why do you think this needed emphasis?

KORNHER: Well, Ray tried this out in the real world. Mexico at that time was exporting produce to the United States off-season market. But Central America not very much, except of course for coffee. So the Harvard people worked in Costa Rica and other places in Central America, trying to determine whether there was potential for a substantial increase in off-season marketing from Central America into the North American market, at times of the year that would be even more favorable than

Mexico enjoyed.

But in the real world that they examined, some entrepreneurs grew produce in the off season and they had contracted with refrigerated barges to take it north, and they had market links in Florida. But, unfortunately, at the time the barges were supposed to arrive, they didn't show up. The barge operators said, "Well, you guys have ordered our services before, but you never had the produce for us to haul at the time we were supposed to haul it." It was a small disaster because all of the produce that had grown had to be sold on the local market at giveaway prices or it simply spoiled.

I guess it's fair to say that what this research pointed to was that you've got to make all the linkages work. All of the linkages in that chain of commodity action, from seeds to consumer.

Q: How do you go about that? Do you create a super-manager, or what do you do?

KORNHER: Well, there are broader institutional issues around that. The guy who was supposed to deliver the barges didn't pay any attention to his contract. You really should have enforcement and sanctions for contracts to make a chain like that work. In the meantime you probably go back and say to the bargeman, "Look, we really mean it. We are going to have that produce to you on such and such a date, and you have to have the barges there. If not, we'll never do business with you again." So informal means to make the linkages work are useful, but enforcement of contracts by law is more fundamental.

Q: But doesn't that systems approach presume some sort of overriding management structure, or individual or operation that keeps these linkages connected? Or not?

KORNHER: Yes. That was not what I was arguing against earlier. The individual parts of the system don't necessarily have to be parts of one massive management structure as long as the transactions, the links in the chain, are reliable. But it is easier if one company or organization controls many of the critical links. The more time-sensitive the requirements are, the more you need to be able to control them. It is true that a driving force of very large, vertically integrated agribusiness enterprises is the need to assure such control. The nature of the enterprise governs the management structure needed to make it work reliably.

One of the problems, for example, that emerged in Goldberg's findings was that the big producer who has 200 hectare or more, can control the quality of the export crop being produced. But how do you do that with small farmers, who have three hectare, but want to participate in a marketing opportunity that requires more scale? Answers to that question are difficult. Sometimes associations work, or co-ops, but they only work when every farmer is committed to meet the required standards of quality, delivery date, and so on.

Q: What did this project, this development, emphasize? What was it trying to focus on?

KORNHER: The main focus was on export agriculture, especially for countries in the Southern Hemisphere that could do off-season exporting to the Northern Hemisphere.

Q: What were the management approaches, techniques, that it seemed to be emphasizing?

KORNHER: I think the most important ones I've already described, the systems approach, the movement through transaction links in the whole chain from seeds to consumer, and finding effective mechanisms to assure quality control, on time transportation, and marketing. In the background, of course, were the standard requirements for finance, labor, etc.

So these two sector projects were the pioneers. A third sector management project that came along in the mid '70s, was Health Management. The project was developed jointly with the Office of Health and became important because it introduced the idea that you had to have a strategy to optimize use of scarce resources, systems approaches and strategic management in the health sector. It's one thing to produce a new vaccine, but how do you deliver it, and how do you allocate health sector moneys for hospitals versus vaccination campaigns, or for hospitals versus clinics when providing routine health services?

The health management ideas influenced the Office of Health in the Technical Assistance Bureau and countries in Latin America and Asia, as well as the World Health and Pan American Health Organizations. A lot of health ministries picked up the idea of moving resource allocations from very expensive provision of services through hospitals to much more use of local clinics, vaccination campaigns, and other means to reduce unit costs of services.

Q: This was a major theme of the project?

KORNHER: Yes. As you know, in the United States, providing health service through hospitals, when people come to the emergency room, is a very, very expensive way to dispense clinical medicine and it is financially impossible in rural areas. So in health systems, it is vital to look at what health outcomes you get for a certain amount of money using different delivery mechanisms. That is the main reason that vaccination campaigns are emphasized. The benefits per unit cost are large. But of course you can address only a limited number of health problems through vaccination campaigns. And if you decide that a clinic is the way to deliver the service, you can move down to that level to try to assure that the clinic is efficiently run, to establish staffing requirements, patient load, the logistics of getting medical supplies, and so on.

Anyway, this systematic attention to return on investment in health and related organization and management structures was at the core of the health management work.

Q: Did the project have an approach to measuring returns on investment in health? Was it calculating that sort of thing?

KORNHER: Yes. Every health organization that the project worked with was encouraged to do benefit/cost analysis.

Okay. I will next cover some of the successor projects. Our work on project management was

continued with a new project in about 1977, called Project Management Effectiveness. That project supported two and later three U.S. centers, which had responsibility for services to USAID Missions, and host countries, and also had responsibility for producing good technical materials, working papers, articles and books.

All of these centers also helped us work closely with AID's regional bureaus. So their relationships were not only with our office, but also with the offices of the regional bureaus. We encouraged them to be entrepreneurs, you know, if they could get funding from the African or Asian Bureaus, as well as ourselves, great. We encouraged relations with the missions as well, but kept closer tabs on those links, since the services were linked to our project budget.

The first center was set up through a service agreement with the Department of Agriculture. It created the Development Project Management Center, abbreviated DPMC. The center was headed by Morris Solomon. Morris had a knack not only for knowing what approaches state of the art work required but also for hiring the right people and promoting teamwork among the people who worked with him. His best-known personal contribution to development management was action training. Action training is described in detail by Rondinelli and also in another book produced under one of our projects called Management Training Strategies for Developing Countries.

The basic idea of action training was first that you train people in teams, so that they learn to work together as well as learning what to do. You put the training as close to the reality of the working environment as possible. So if you wanted to train people to develop projects, you went into an organization that had a responsibility for developing projects and helped the trainees develop actual projects, and led them through the analytic requirements, the packaging requirements. It is guided learning by doing. This kind of training was discovered by others, as well as Solomon, and seems to have great advantages compared to normal classroom training in getting people focused on how to make things work in the real world.

Q: Did the idea spread quite widely?

KORNHER: Yes. I think it has been picked up quite widely and while you still find a lot of boring classroom training, you also find a lot more management training linked to real world problems and to team building and things like that.

Q: What, apart from team building, was the content of this kind of training?

KORNHER: The content drew on the kind of work that Vanderbilt and DPMC had been doing, as well as on World Bank sources. Yes, you have to get your economics right, you have to get your technical content and financing right, but you have to look at the entire project cycle. You have to build in planning and action provisions for effective implementation, provisions for maintenance of infrastructure, provisions for systematic involvement of people. So the content of the training was pretty much already on the shelf, which is not to say that it was easy to do and easy to get people to learn in the poorer countries.

Q: Was it related not just in general or in principle, but related to a particular project? Was the training project or program specific?

KORNHER: Yes it was. One good example where the use of action training worked, and you are doubtless familiar with this because you were probably at the time Deputy Administrator of the African Bureau, was called Sahel Financial Management. Some of the Sahel Missions had gotten in trouble with Congress because they were not able to account systematically for funds they had given to local organizations. It was a little difficult to find out whether there was leakage in these projects, whether people were making off with some of the money or some of the goods, because they didn't have accounting systems, bookkeeping systems. Everyone realized that these countries, and especially these local organizations, could not install elaborate accounting systems, but they could devise and enforce systems of basic accountability. If you bought this item, where is the receipt? You know, things like that.

So the Africa Bureau funded the Development Project Management Center to take on training to remedy these bookkeeping/accounting deficiencies. It recruited French-speaking as well as Anglophone trainers who went out and worked right with the local organizations to install rudimentary bookkeeping and accounting systems. Action training. It worked, certainly to the extent that Congress agreed that they had achieved some reasonable accountability in these Sahel country projects.

Q: That is a good example.

KORNHER: Now, I've spoken of the first service center that was created under this series of projects, the Development Project Management Center in the Department of Agriculture; later called the Development Program Management Center. The second service center was created in 1979, through a cooperative agreement with the National Association of Schools of Public Affairs and Administration. I fear that we had a tendency in some of our projects to deal with organizations that have long and complex names. Like PASITAM. But we simply called this one NASPAA, and almost forgot what the long version was.

NASPAA provided a very nice umbrella organization through which we could draw on faculty with relevant international experience from any of about 40 U.S. member universities with programs in public and development administration. Successive Directors were recruited from this network. They included Phil Morgan from Indiana University, Rudy Klauss from Syracuse, and then Lou Picard from Nebraska. The project lasted a long time, a full decade. So that there was a nice continuity that evolved in the NASPAA Program as to both the service elements of the project and the research elements as well.

Q: What did they focus on?

KORNHER: They emphasized quality responses to USAID Mission requests for help in development management, rather broadly defined. Helping assure that the Mission design included strong attention to what the host country wanted, to the organizations and management structures they were working

with in the host country, to mobilization of indigenous consultants and resource people, to an understanding of what the local managers wanted and the local beneficiaries wanted. Sometimes there was a little Mission resistance to pushing it that far, but I must say that the Project Manager for most of these years was very effective in persuading Missions that they needed to do this intensive work.

Q: Can you give any examples that sort of typify what they were working on?

KORNHER: Yes, there were many examples from Africa. Oh, by the way, I should mention that the long-term manager of this activity was a person you know rather well, Jeanne North, your wife. She did an excellent job of combining the Mission resources with the NASPAA resources and the host country resources.

Q: A lot of the Missions bought into this.

KORNHER: Yes. About 50 missions. She persuaded the field people that this was the way that it needed to be done. One kind of activity that I was impressed with was assistance to business schools in three countries. Part of the success of that was due to the solid experience of Wendell Schaeffer, who was on the NASPAA team through most of these years. He had originally been on the faculty at Pittsburgh, and I think he was hired when he was working in Texas. Wendell was an excellent broker between university authorities, who wanted to make some changes and improvements in their way of getting things done, and the Missions which were providing resources for it.

This model of collaboration was built into university assistance in the Dominican Republic, then picked up by Paraguay and Uruguay. I think the substantial strengthening of three different business schools was significant in Latin America, and will have a continuing multiplier effect.

Q: Strengthening in what way?

KORNHER: Well they were changing the course content, getting it more action oriented, more business oriented. They were trying to develop their faculty to use more market relevant approaches not only to business management education, but also to consulting and involvement in actual business enterprises rather than being only an academic institution. They were encouraged to go out into the real world and work with business enterprises. And then there were a lot of exchanges of materials, often in the Spanish language, that helped them do these things.

But that is only one example. NASPAA's country linkages were very numerous. They were very strong in African countries, and mobilized several top-notch consultants from three or four different countries. Activities included everything from management training to railroad management; to improvement of personnel systems, to auditing and prevention of corruption, to policy change, and so on. So it was a multipurpose, demand-driven kind of a project that worked in all regions served by USAID.

Q: And through NASPAA, the project was able to reach out to a very wide area of institutions in

the U.S.?

KORNHER: Definitely, and I think that was another very successful dimension of the project. It was a case in which an assistance mechanism -- a cooperative agreement -- really worked to build U.S. capacity. In most of the larger universities and many smaller ones there are some people who have an intense interest in international work and do some of it, as time permits. But they are driven by the university's requirement to teach lots and lots of bachelors and MPA students basic American public administration, and to churn out publications. They jump at the opportunity to get more involved in international work.

One good example was Rich Vengroff, who I believe worked at the University of California, Santa Clara. But he had been involved in training programs in West Africa and had a really strong commitment to do more of that kind of work. So NASPAA was able to give Rich opportunities to do training in a number of African countries and gain more experience, and spend more time doing this kind of work. Eventually his work gained enough recognition that the University of Connecticut hired him as Director of their International Programs. That kind of change in career path happened a number of times for our NASPAA people. Almost all of the long-term staff remained in international activities.

There are other good examples. Rudy Klauss is working in Ghana these days. Lou Picard has spent literally years on a full and part time basis in South Africa, and is now a senior faculty member at the Graduate School of Public and International Affairs, University of Pittsburgh. Ed Connerley, who came from Eastern Washington University, did full-time field consulting for USAID and the World Bank for several years after he left NASPAA. He then accepted an offer from Pittsburgh to direct their International Management Development Institute.

Q: So there were a lot of domestic spin-offs and benefits, as well?

KORNHER: Yes, absolutely. These staff members stayed involved in international work and do it a lot better because of the experience they accumulated in these projects.

Q: Did the NASPAA program produce any material, books, research material at all, reports?

KORNHER: Yes. That was the second main function that complemented the extensive record of field service. If I may, I'll talk about publications as the last item in our discussion. It was a very rich program.

Q: Now, let's continue on some of the projects you were talking about.

KORNHER: We have covered reasonably well the organization and management improvement theme and the resources we developed to respond to it. The second theme that I wanted to talk about today was local action. I can abbreviate my treatment of that because it is so well documented in the literature, including the Rondinelli book on Development Administration and U.S. Foreign Aid Policy. The lessons of experience are well documented, so I will only mention the projects involved

in the first part of my discussion, and secondly I will treat one 1987 project in more depth.

The projects of the earlier period included strategies for small farmer development, rural development participation, local revenue, organization and administration of integrated rural development, and managing decentralization. Those projects spanned the period from the mid 1970s through the 1980s. It's difficult to draw generalizations from that much work in many countries. Experience ranged from a lot of rural development efforts in Asia, to local revenue studies in a dozen or more of countries conducted by Syracuse under the Local Revenue Administration Project, and to training programs for local action. A wide range of activities were linked to agricultural production and productivity, because that is what's out there in the rural areas. That was a necessity of the so-called New Directions legislation calling for assistance to the poor majority. In many of the countries AID was working with, the poor majority still lived in rural areas, in spite of the fast growth in the numbers of poor people emigrating to cities.

The problem of poor people in cities was addressed more by the Urban Development Office, the Housing Office, and the Urban and Regional Development Division in our Office after the merger. So following the merger with the Rural Development Office our Development Administration Division dealt more with rural development.

Involving local people and successful local action

Let me try to provide some generalizations based on our findings in these projects. First, you have to involve the local people and work closely with them. USAID and other donor projects that attempt to link to the capital city rather than to the local organizations and people aren't doing it right. Second, blueprints in planning and lack of flexibility in implementation don't work. They don't work whether they are tried by outside donors or NGOs; and they don't work if they are programs of the national government, run from the capital city. It's essential to work on the ground with local organizations, people and resources.

Q: Well, let's take that one for a minute and then we can go on to the others. There is sort of this dilemma between a situation where a manager is supposed to get money, but be able to establish what the money is going to be spent on, and what it's going to accomplish up front, before he can get the money. Because otherwise why would they give him the money? On the other hand, you're saying, well, you don't want to be too precise about all that because you need to be flexible. How do you balance these extremes of careful preparation and planning, which gives people confidence you know what you are going to do, and the other side that's saying, well, we have to learn as we go, feel our way, which some people say is very mushy? So how do the lessons address that kind of dilemma?

KORNHER: I think you've asked one of the classic questions about successful public program management. You do have to have rigorous planning and accountability, but you also have to have judgment and flexibility. Two of our colleagues, Derick Brinkerhoff and Marcus Ingle, wrote a nice article about this problem. It was called *Between Blueprint and Process: Structured Flexibility Approaches to Development Management*.

One answer, I think, is that you have to provide time for successful programs to unfold. You use annual workplans with enough flexibility to change direction some as you learn more. I think that USAID has been ill advised to abbreviate what used to be five-year projects into one-year, or less.

There are good reasons to have a longer authorization. Often the one year projects gets renewed, but there are administrative costs around the renewal and there are certainly learning curve costs if you change from one agent or contractor to another for the second year. We wrestled with this question in NASPAA research in almost the same terms that you have expressed it. I think the best answers were that there are indicators of progress that do not constitute project outcomes, but do reflect interim milestones, persuasive indicators of progress clearly pointed in the right direction.

Now indicators of that kind might be something like the following. Dynamic local organizations have been identified which have leadership and resources for subsequent implementation. Or, clients report that the services they receive are useful, appropriate, and on time. So you're not saying you are going to increase the wealth of this district in one year. As an outcome that may be the ultimate measurement. But you can measure whether the organizations are there, whether the service delivery pilots are working, whether you have a plan for replication of successful pilot efforts. You can't do it without the intermediate steps, so the trick is defining the steps that are the best precursors of the intended outcomes.

Q: What about the actual management requirements with that approach?

KORNHER: Well, part of it is continuity in field management. Some of the successful rural development projects around the world had good professional leadership that stayed on the job for extended periods of time. They also had resource commitments from the local people. It wasn't just: the outsiders dumping goodies on us local people, but rather we have to match the goodies that they are bringing with a contribution of our own.. In that way the aggregate of the resources that we provide, and that the outsiders provide, will permit us to get ahead. The finding is pretty much universal that when people get freebies they don't value them. When they agree to put up their own resources they value the effort a great deal.

Q: Let's go on to the next points you were going to make.

KORNHER: So the generalization I was making is that you have to involve the local people and work closely with them and ask them to contribute their own resources. Blueprints and planning that lacks flexibility in implementation generally don't work.

Let me mention another reason that outsiders have repeated difficulty with local action. There was an economist named F.A. Hayek, who was one of the most articulate enemies of central planners and vice versa back in the '40s and '50s. Hayek had a little paragraph in one of his articles that is profound, once you think about it. It was this: to carry out local action you need time and place information. That is, information about what is going on here, in our town, in our rural district. Time and place information is almost always inaccessible to central planners or bureaucrats in the capital

city, and that is a primary reason that central planning or design doesn't work in local development. I think it's a very powerful idea and puts a little different spin on the problem. Hayek's criticisms were generally valid, and central planning of the kind he was criticizing has been abandoned in most places in the world.

Another factor is that participatory local organizations are needed to reliably mobilize local resources. That's important because otherwise the work can't be sustained. It's easy to find rural development projects where donors came in with generous resources for the environments they were working in and made things go for two years or five years. But the real question was, once those exceptional external resources are withdrawn, what happens? Unless some mechanisms have been established that provide for local mobilization and prudent, parsimonious use of local resources, sustainability is going to be dead every time.

The Local Revenue Project

The issue of mobilizing local resources takes us to a project we had with Syracuse University for several years called Local Revenue Administration. The project lasted about ten years from the mid 1970s to the late 1980s. Missions around the world, such as Bangladesh, Chad, and Guatemala called on the project to send analysts and researchers from Syracuse to help find out what it would take to mobilize local revenue.

Q: This is one of the projects that you initiated?

KORNHER: Yes.

Q: Well, elaborate on that. What did the project do, what were some of the techniques? What were they recommending in their work?

KORNHER: Syracuse University's Maxwell School has long been ranked in the very top ranks of public administration programs among U.S. universities. It developed special strength in public finance economics, and substantial experience with international work. So it was a long-term resource that proved very useful to AID. I think not only the continuity but also the knowledge base, which was solidly grounded in the Maxwell School and grew from one study to another, provided a very sound basis for supporting quality field work.

We knew we could deliver very capable people to conduct those studies and also to put them in the context of public finance economics, accepted by the World Bank, regional development banks, and Ministers of Finance. The Syracuse people were well connected to the network of public finance economists in those institutions and in other U.S. and Canadian universities. The leaders of the project were, first, Roy Bahl and then Larry Schroeder. We had a succession of contracts and amendments, which were centrally funded at first, and later funded predominantly by missions which wanted country studies of local revenue systems. So in over a dozen different countries, the Syracuse people provided excellent local revenue studies that were well received by the missions that had sponsored them.

Q: Do you want to talk about the substance of this now?

KORNHER: Yes. Collecting local revenue cannot be separated from the system in which it is being generated. In almost all countries around the world a major source of revenue for local units is the central government budget. As soon as you start talking about local revenue, you are also talking about relationships between the national government and the local government. You are talking about revenue sharing. You are talking about whether or not the local authorities have taxing and spending power without going back to the center to get everything approved.

Now these are fairly complex systems and they are the reason that it is essential, in my opinion, to have an experienced public finance economist involved in analysis of revenue systems. Projects that try to focus on local tax collection divorced from considerations of revenue sharing by the center, or relationships with the Ministry of Finance, are tactical, not strategic. They have not happened too often but when they do, it is often a mistake. You have to deal with the systemic relationship between central revenue and its managers, and local revenue and its managers.

Q: But why was the subject of local revenue generation fairly narrow? Why was that selected as being important and then last such a long time?

KORNHER: I would say simply the demand schedule. As soon as a field mission, whether it be in the Philippines, or a small African country or Jamaica, begins talking about a decentralization effort or giving more power to the cities or maintaining local roads, whatever the problem set may be, they come up with the fact that there has to be a revenue flow to provide for those functions.

Q: I see.

KORNHER: So while the demand schedule shifted from one place to another at two-year intervals, it persisted. There was enough business to use this established resource to mount new field studies as the missions became interested and were willing to pay for them.

They started with the reality that in most countries, developed or undeveloped, much of the revenue allocated for local use comes from the center. Revenue sharing is a fact of life and local jurisdictions need that revenue partly because the mechanisms of taxation controlled by central governments produce a more robust cash flow and it's harder both administratively and politically to produce a robust cash flow from local sources. Okay, then, how can you assure that that flow will be regularized? Partly that's a matter of central government policy; it might even be a constitutional provision that there is some percentage of revenue sharing with localities. Guatemala moved in that direction in its reforms of the last ten years.

That does not mean that local revenue is not also important. So the Syracuse work helped identify what the more productive and readily-administered options for local revenue are. It is sometimes property taxation, though administration of property taxes is not simple. It depends a lot on the ability of local authorities to equitably appraise the current value of property. Of course they have

to have the authority, which some local governments around the world don't have, to tax property. But if they can tax property, and if they can assign and enforce valuations of the property, then they are in a much better position to have one reliable revenue source.

Local business taxes. Value added taxes. Local sales taxes, like Virginia which has a State sales tax, and then the localities can add one or two percent. In Zaire, fuel taxes were a robust source of money, which in that case were allocated to national road maintenance. It would be possible, of course, to say that 80 percent of the fuel taxes go toward centrally administered road maintenance, and 20 percent go to locally administered road maintenance.

In studying road maintenance the Syracuse people almost came to abandon their usual principle that you put tax money from various sources in one pot and then allocate it rationally to essential governmental functions. They found that road maintenance is such an important government function that earmarking might be justified. One simple, direct way of assuring a robust flow of revenue for road maintenance is fuel tax earmarking. So, at any rate, the work was to study systems of taxation; the relationship of central taxes and revenues and allocation to local needs and the prospects and alternative means of raising local revenue for local purposes.

Q: What do you do when in most of these developing countries in the rural areas and in the villages, they are so poor you wonder whether they have any money at all. How can they be paying taxes, or is there some other approach to that?

KORNHER: One of the approaches is revenue sharing. But I think another one is to realize, and we learned this from Akhter Hameed Khan, in East Pakistan (later Bangladesh) back in the '60s, that however poor a family or a village may be, it is always possible to save something, or to mobilize some resources. Even the rickshaw puller can save a rupee a month for a hundred months, and buy his own rickshaw. So the question becomes where is the money flowing in local villages that could be tapped, and is the intended public use sufficiently important to justify taxation of poor, or relatively poor people? It may be a modest tax on businesses, and the more prosperous the business, the more robust the revenue. We are not talking about large projects or large sums from taxation, rather about how to maintain the village market, or how to get the streets in the village to drain. Very practical, local things that people value.

Let me give you an example from Egypt. One of the governors discovered that the method of sewage disposal in the villages was very costly, messy and inefficient. They had cesspools, which were periodically pumped out by trucks, and the effluent hauled away for disposal. It was relatively costly, and the people had to pay for this themselves. So some local leaders developed small-scale waste water and sewage disposal systems. They implemented this through an informal system in which village leaders would go around and say, look, we want to change the system, but if we do you and all your neighbors are going to have to pay so much a month. It will probably turn out to be less than trucking away your waste, but everyone has to do it. And they did, and most people were satisfied with this changed structure of sewage disposal. So it is partly a question of identifying local needs that people are willing and able to pay for and then setting up a locally enforceable system to collect the fees or taxes.

Q: What's the principle in this for control of the money? When you raise it from local communities, I know, in some situations the money goes back to the Ministry of Finance, and so on. What is the principle that relates to managing the raising of tax income?

KORNHER: First, local governments need authority to levy and use revenues that don't have to go back to the central government. Second, in every effective management structure, you have to have some kind of accountability. I think there are lessons in the Sahel Financial Management effort. That is, don't make it too elaborate. Make it transparent, practical., simple.

If local people know how their money is being used, and ideally they should even have the right to look at the books to confirm it, thievery is going to be seriously reduced. But people have to know what accountability and bookkeeping are, there have to be political and moral constraints on local authorities so they won't give the contract to their buddies every time, not to siphon ten percent off the top and so on. And it is not an easy problem. USAID is sponsoring anti-corruption efforts in Latin America, and has done so for some years. The World Bank appears to be getting more interested in anti-corruption efforts as well. But there are no easy answers to it.

Q: But what you're implying is that the management of local revenue generation is local, the resources don't flow back to central authorities and then are allocated out.

KORNHER: Yes. The usual workable system of local revenue is to combine revenue sharing by the central government with revenue raised and kept locally. But that raises additional questions. Is the system transparent? To what extent ought the central government audit the books of local authorities, what kind of reporting mechanisms are necessary, what kind of sanctions for misuse of the money? I think, most experts in finance would say that, yes, there should be some kinds of central government auditing and oversight, and that is justified not only by the revenue that comes from the center, but also by enforcing accountability for local funds. Am I answering your question?

Q: Right. Well, it's a question of changing the role of the central government in part from one of managing money and allocating it out, and having it spent by agencies of the central government, to overseeing responsible local administration.

KORNHER: That's a good way to put it. In other words, don't prescribe in as much detail how money is to be used, or don't think you have to hire central government staff to perform village service functions. Instead, think of giving matching grants to the villages to provide the services in their own way, but with inspection of the books to be sure it is properly spent.

Q: And including, though, the local revenue that is generated locally. Where do the central program services fit into this situation? How do they relate to the fact that each village has their own pot of money that they are managing, where do the ag people, the health people, and so on, and education people, fit into that structure?

KORNHER: Another thing that Hayek said is that local people need to handle time and place information; central people are better equipped to handle scientific information. You don't ask the local people to handle agricultural research, though the researchers have to understand on-farm requirements. If you are trying to develop a new breed of maize to serve several parts of the country, it makes sense to do that through a central agency or organization. Perhaps the Ministry of Agriculture or a university, or contracting out. In education, if you want to supply standard textbooks to all the elementary schools in the country, it doesn't make sense to have each jurisdiction do that themselves. But it makes a lot of sense for the individual jurisdiction to arrange housing for the teacher. So, one approach to deciding what can and ought to be done centrally or what can and ought to be done locally, is to apply that criteria of time and place information, versus scientific information. Another is to ask if there are economies of scale in the provision of a particular good or service. Another is to simply ask practical questions about who can get this done most effectively.

Often the central ministries overreach themselves. They aspire to get down and organize the villagers, or help the individual farmer and they can't do that effectively for two reasons. They don't have the local information and experience, and they don't have the money.

Take road maintenance again. It makes a lot of sense to maintain trunk roads by central agencies, because you need heavy equipment, sometimes asphalt. You're working on a large number of kilometers of road, and it's a technical task that can be centrally administered, if you don't have someone stealing the money. On the other hand, local roads in most poor countries cover such vast territory that there is no way that central agencies can maintain them. You have to have very low cost routines that keep them passable, but not aspire to maintain highway standards or pavement, or anything like that. It turns out, when you go out to muck around with local road maintenance, the biggest factor is drainage. If rural dirt roads are well drained, they are useable. And if they're not, they're not. And local people can handle drainage.

Q: Good. Was there any other part of the Syracuse project that...

KORNHER: One more thing. We always used our projects as flexible vehicles for constructive change. We didn't pay too much attention to boundaries and labels. So I was very pleased that one of our local revenue projects became a reform project.

Roy Bahl, at Syracuse, had been working on local revenue problems in Jamaica, with the Revenue Board there. And he hit it off very well with the Jamaicans managing the Board and they began to tell him their real problems with national taxation, as well as local taxation. So, in the late 1980s they came up with the idea of reforming their entire national revenue system. Of course, Jamaica is a small country, but, still, this was much more than local revenue.

We provided a few pieces of help in formulating what they might like to do through our project and through Jamaican Mission funding. But then we faced a bigger issue. These relations of confidence had been established by Roy Bahl and the Syracuse people. Now if the Mission wanted to support

a significant reform, and they decided they did, do you put it out for open competition? And the Mission -- very wisely, in my opinion, decided no, this is working, let's not stir it up. Let's make it work with the actors that already have confidence in each other. So they gave an exclusive contract to Syracuse to carry through the reform with the Jamaican revenue reforms.

Q: They were allowed not to compete it?

KORNHER: Yes, and it worked. It worked very well, because there were relations of confidence between the Revenue Board and the Syracuse people. The work included all the implementation, the computer processing of tax information, the relationship to auditing, and so on.

Q: Over what period of time did this take?

KORNHER: This was about a three year period. Probably something like 1986 to 1989.

Q: It wasn't that long?

KORNHER: No.

Q: Interesting. Good example. Are there other examples that come to mind?

KORNHER: It's sometimes difficult to judge the intermediate term results of local revenue efforts, partly because the first phase is simply finding out what is going on. Is the existing authority for local revenue sufficient to do the things that local jurisdictions are supposed to do and want to do? The countries themselves--the Ministries of Finance--often don't know, or at least don't think very much about what is going on in local collection of revenue. They're too busy dealing with national budget deficits and the complaints of the ministries, and the latest IMF package.

Take Egypt for example. The United States spent billions on decentralized activities in Egypt, which consisted of a lot of village projects and programs, cold storage for agricultural products, fire trucks, and enterprises where local women could sew clothing and hopefully market them. But it was only when Don Wadley got there in about 1986 or so that he and the Mission began to ask, what are the policy bases for sustaining this work in rural jurisdictions? And there wasn't much basis for sustainability.

Local project development was marginally illegal. There was no property taxation. So for the first time USAID began to urge the Ministry of Finance and the Cabinet Secretariat to think about whether the authorities of the governorates (units of the central government) were adequate or not. Clearly they weren't. I've lost the thread of that story, because I was last out there in '87 and '88, and Wadley left thereafter, and the local government program declined in emphasis. But there was at least, I'm aware, some discussions by the Cabinet Secretariat and a contract team that worked on public finance issues, including the relationship of local needs to national needs.

The point I was making is that you have to find out what is going on in local taxation and the

relationship of local to national taxation. You have to have willingness in the country to permit local authorities to collect revenue and to allocate it to needs decided on locally, with central oversight on accountability.

I remember talking with Syracuse people about revenue collections in Latin America. A lot of Latin American cities have the authority to collect property taxes, for example. But they don't necessarily use that authority, or they set very low rates for political reasons. And there is a lot of variance. Some mayors say we need to do this and we've got to pay for it so you need to pay taxes. Others say, I won't be re-elected if I collect property taxes so I don't.

Q: That's universal.

KORNHER: There were two additional projects that came down the road in 1987 and 1990, one called "Decentralization: Finance and Management," and one called "Implementing Policy Change." Let's take decentralization first.

Q: Okay, let's go to those.

Rethinking decentralization

KORNHER: In the mid '80s, we did a lot of work in the Office, then called Rural and Institutional Development, on the state-of-the-art in decentralization. The traditional definitions of decentralization include apples and oranges--both administrative decentralization of central services, and autonomous local government. Some clear thinking was needed that didn't rely on confusing, contradictory definitions.

The Local Revenue project was in my division. Another division funded studies by the University of Wisconsin and the University of California at Berkeley, under a project called Managing Decentralization. We began to pay more attention to functions and incentives. What functions should central government be responsible for, and why? What functions should go to local governments, and why. What incentives are operating in local resource mobilization, service delivery, corruption or "rent seeking," and what action could be taken? Do local governments lack the authority to tax and spend? Why do they sometimes ignore the powers they do have to mobilize revenue and improve important local services? What alternative ways are there of getting things done through contracting out or through NGOs or businesses, or public-private partnerships. Under what conditions should these mechanisms be used? In other words, it was a rethinking of local action, administrative decentralization and local governance.

Some of us in the Office, notably including Norm Nicholson and Ed Connerley, began to take a look at disciplines in addition to public administration and the organizational sciences that would tell us something about why local governance did or didn't work. This had to be a multidisciplinary effort. Public administration and development economics were relevant, but not sufficient. You had to put some additional perspectives in the mix.

What we gradually put together was public finance economics, especially as it treated mobilization and use of local revenue, including both revenue shared by the central government and collected and retained locally. Second, political science, asking whether local people have voice and choice in getting things done through public mechanisms and whether the constitution, laws and rules permit and encourage local action. Third, political economy, dealing realistically with the incentives (including corruption and “rent seeking”) presented by existing formal and informal rules, and by the interaction of politics, governance, and administration. And fourth, an understanding of the dynamics of specific functions of local governance. Education functions are different than health functions or housing functions or agricultural or transportation functions. Truly understanding the dynamic of specific local governance functions requires extensive disaggregation and an extensive understanding of local “time and place” information.

If you want to maintain local roads, does the local unit, whether it be a province or a city, have the authority to do it, or are you relying on a national bureau of roads? What are the characteristics and patterns of use of the local road? Are local people willing to pay taxes or tolls for road maintenance? If taxes, should they come out of a pool of public resources or should they be linked to, say, a fuel tax, which is earmarked specifically for road maintenance.

Some of us came to the conclusion that further interdisciplinary research was going to be needed to get a better grip on the relationship between central, intermediate, and local institutions and functions involved in local governance. So in 1987 I convened a very able and enthusiastic project committee of regional bureau and central bureau people, and located some missions that were interested. I borrowed Ed Connerley from the NASPAA Cooperative Agreement to help with design work and contracted some field work to Associates in Rural Development. The objective was to design a serious framework-building and research project. We called it Decentralization, Finance and Management. Now that title does not tell you that this is a research project. Even though we had strong support in the regional bureaus and a couple of Missions, it is not usually wise to launch a central bureau project which is tilted too much toward research. But this project was definitely research.

The contract was won by Associates in Rural Development teamed with Syracuse, and with Indiana University’s Workshop on Political Theory and Policy Analysis. The project set out first to create a framework for analysis and understanding, and second to look at what really happens in two kinds of local resource mobilization linked to specific functions. Missions we had canvassed were interested in road maintenance and irrigation, so those became the functions to be examined in depth.

Issues on public choice theory and practice

The first field research focused on irrigation in Asia and the findings were quite interesting. Eleanor Ostrom at Indiana used many cases because she believed that the case method most researchers used, that is, to study two or three cases and then draw conclusions from them, is very likely to be invalid or unreliable. So she took scores of cases and extracted factors in the success of local irrigation projects. She found that the small irrigation projects, like those in Nepal, were generally very successful. They mobilize tremendous resources in time, labor, and collaboration from local farmers.

I guess this should be obvious because their livelihood depends on it.

On the other hand, large-scale bureaucratically organized irrigation schemes tend to be inefficient, even ineffective. This poses a dilemma. If bureaucratic forms of management don't do the job for local people, then you either have to figure out how to make the bureaucratic form of service and resource mobilization work, or you have to give up on the possibility of economies of scale. Let the local people do their own thing, in their own way, and try to figure out ways to help them around the edges. And subsidies, if any, have to be very carefully crafted, because it's easy to destroy the existing incentives for farm families to do things for themselves.

The research in this project, I think, left us with these kinds of dilemmas. There are certain kinds of public goods that you almost have to provide through some type of government and bureaucratic mechanism. One good example is road maintenance. The economic benefits are obvious. The utility to local people is obvious. But bureaucratic forms of administration are tough to make work. Even contracting out is only a partial answer. It's difficult to avoid corruption. It's difficult to create incentives for the workers to get the potholes filled promptly. It's difficult to get local people to pay for the local maintenance and to find the best revenue mechanisms and so on. So there were no quick fixes discovered in this project. There were some new analytic tools developed, that are important, like public choice theory which helps us to understand what is a public function and what is a private function.

Q: What did you think about the public choice theory approach?

KORNHER: I think it's helpful. Not necessarily in the esoteric form that some academics like to use it. But it does call attention to some very important and practical questions.

Q: Like?

KORNHER: Are these specific goods that are being provided by government public goods that are available to everyone, like a streetlight, or are they goods that are used only by some, like a toll good? If you go to a movie theater and pay for a ticket to see the movie, that's a toll. If you have a toll road that you use for a fee, that's a toll good. You can control access, you can charge for the benefit, and you can maintain and continue the service based on the toll revenues. Or, is something else a private good, like a loaf of bread, where if you pay for it, you consume it, and nobody else is involved.

Now that form of analysis permits us to ask whether the city of Potesti in Romania really ought to have a bakery or not. And the answer is simple -- no. Because bread is a private good and it is both unnecessary and inefficient to have the government involved in the provision of private goods. Whether a local government should help poor people pay for bread is a separate question, but if the answer is yes, the good can still be produced by a private bakery.

Q: But how do you deal with, like a movie theater, that is a somewhat private business. Where does that fall?

KORNHER: That's an example of a toll good.

Q: The toll road can be private?

KORNHER: Toll roads can go either way. One advantage of private toll roads is that the taxpayers don't have to put up the capital nor assume the risks. There's a privately funded toll road here in Northern Virginia from the Dulles area to Leesburg. So far it's not producing enough revenue. Entrepreneurs assumed the risks because they thought they could make money on the venture. Even though they are wrong so far, they may be doing well ten years from now if the increased traffic on other routes makes people willing to pay for the time they will save by using the toll road.

Q: What about utility services? Where do they fit?

KORNHER: That's a toll good. There are arguments for public involvement in provision of utility services, and our thinking, even here in the United States, is still evolving as to how much public involvement. Some consumers are confused and annoyed at the number of telephone service providers and the many telemarketing calls from alternative service providers. At the same time, our costs as consumers are dropping, so that confirms that competition is having an effect.

Q: But where does the issue of competition come into this picture? Certainly the bread is a private good and so on. You can have competitive situations in some of these other services. In toll roads you can't have a competition. Where does that fit into public choice?

KORNHER: The theory assumes competition in the production and sale of private goods. The more difficult issue is whether competition to produce more efficiency can be used for toll goods or public goods. In the U.S. we are probably not thinking enough about competition in modes of transportation; we have a fixation on roads. We are struggling with the issue of how to provide effective competition in the provision of utilities. We have competition in telephone service to a good extent, but in electric power, it's just beginning. The new mechanisms of competition require sophisticated forms of regulation to assure a level playing field. There are natural monopoly issues with distribution services, such as cable TV and power lines. In developing countries there are policy formulation and implementation and other administrative capacity issues. Competition has costs, as well as benefits. I'm not at all sure that a small country, ought to try to provide extensive competition in the provision of electrical services. They might be better off to work very hard on sound regulation of national or regional monopoly private utilities or an efficient government utility, so consumers have reliable service, rather than worrying too much about competition. Maybe later, after the bigger countries have found formulas for competition that clearly work.

Q: What is the evolution of this project?

KORNHER: The project lasted for seven years and moved from laying out a framework for analysis and case studies to comparative conclusions in irrigation and road maintenance.

Q: What was the use of this project?

KORNHER: The research products were delivered, and a number of Missions, especially in Asia, sponsored studies of irrigation and road maintenance and other local services. I am not aware what actions were taken by the Missions as a result of the findings. In fact, my design for the project originally was at least fourteen years, seven years of finding out what to do and why, and developing clients, perhaps Ministers of Finance in a couple of progressive countries. And then, about seven years of an effort to help the client countries change the way they deal with certain critical functions like irrigation, roads, or schools. But the second phase of the project never happened.

Q: Why?

KORNHER: Probably because there was no champion or coalition to support continuance in USAID.

Q: The Bureaus were not supportive?

KORNHER: Not enough. You see, Bureaus, like everyone else in USAID, had been faced with declining resources and tough tradeoffs. It is probably very difficult for them to support a project that is on the research end of the spectrum, even though it is linked to the field and ready for more pragmatic action.

Q: I would have thought that experimentation would have been given some real practical utility. But they weren't supportive?

KORNHER: I don't know the details of what happened. I only know the project was not continued.

Q: I see.

KORNHER: Remember as well that what had been the Research and Development Bureau was abolished and the new Global Bureau Centers were created. The Center for Democracy and Governance inherited some of the former projects, but had different priorities. There were a lot of discontinuities in the view of what should be done with declining levels of money.

Q: Right.

The Implementing Policy Change project

KORNHER: I was very pleased that one of the projects that did get continued was Implementing Policy Change.

Q: Do you want to turn to that now?

KORNHER: That's the last project I want to talk about.

A very important thing happened in AID doctrine in the Reagan years, starting about 1981. That was that political and policy interventions became an acceptable part of USAID's agenda. We saw that in local revenue, for example, because we used to talk about local revenue administration, not reform, and we did that because AID senior management believed that the political questions around reform were too sensitive to confront, so we'd work on administration.

Suddenly in 1981 economic policy reform became not only acceptable, but the thing to try. That was one of the reasons that we were able to do the Jamaica tax reform that I spoke of earlier. So NASPAA sponsored, with Jeanne North's and my support, some probes into policy change. And the Missions were quite supportive of that. For example, we got some money from the Honduras Mission for studies of contracting out versus government production of services. We also worked with two or three African Missions. We did some think pieces of our own and talked to World Bank people and others about the issues with policy change.

One of the things we came up with was that after economic choices are made you will have the problem of organizing and implementing the organizational changes needed to produce the intended outcomes. And so that fairly simple, but important, idea lay behind the project that Jeanne North and Pat Isman, with some help from NASPAA (especially Wendell Schaeffer) used in designing the Implementing Policy Change project.

In addition, the African Bureau was extremely supportive of it and provided some money for pilot work even before the project got authorized. Management Systems International won the contract, and the renewal. The project has continued for eight years.

Q: What is your understanding of the core idea behind that project?

KORNHER: I believe there are three main ideas. The first is that most policy decisions are not self-implementing, that it is necessary to move from policy decisions to follow-up actions in order to assure that the intended benefits of the change are actually realized. A change in official interest rates may come close to being self-implementing. But that kind of change is the exception. For example, a policy change such as Poland's decision a few years ago to transfer responsibility for elementary education from central to local governments is certainly not self-implementing. Indeed, it illustrates how a broad policy change will require further decisions about linked policies, such as whether teachers are to become local government employees or not. So the first idea is working on the required follow-up actions after the policy decision is made.

The second idea is that the approach and techniques represented by strategic management can be very useful in the process of defining and accomplishing the necessary follow-on actions. The third idea is that involving the stakeholders affected by a policy change in the follow-up process (and, better, in the original decision too) can ameliorate conflicts and increase the probability that the constructive purposes of the change will be achieved. A corollary of this third point is that successful policy change has to be a host country enterprise, it is something a donor may facilitate, but not do.

I'm sure Jeanne could say it better and probably come up with a couple of other important principles,

but those three are certainly among them.

Q: What were the subject areas that implementing policy change activities focused on? It's neutral in that sense, and I assume can be applied anywhere in any sector or in any kind of policy, pretty much. Where was it mostly focused?

KORNHER: You are right, the methods are relevant to many different kinds of policy. The specifics differed in each one of the 45 or so countries that the project has worked with, mainly in Africa, but also in Haiti, Jamaica, El Salvador, and Costa Rica, among others. One problem that was important in the project's early activities in Africa was that economic reform policies moving from a more socialist economy toward a more capitalist economy at first produced serious adverse consequences for poor people. You can certainly see that happening in Russia today. So, an important question in some of the work was what to do to ameliorate hardships the policy change imposed on disadvantaged groups. Later on, a good deal of the work in the Southern Africa and West Africa regions related to relationships between governments and business enterprises, specifically to government policies affecting the climate for in-country business development and inter-country trade. In West Africa the project supported the activities of the West African Enterprise Institute which helped represent the needs and interests of business enterprises in dialogues with governments of the region. In addition to work for similar purposes in East Africa, the project helped facilitate the coordination of mutually beneficial transportation policies among eight countries of Southern Africa.

Q: But your presumption would be that you would have to involve representation of the poor community in the process to get them to be part of the decision to go that route?

KORNHER: Yes, involved in a way that provides for continuing two-way flows of information. If the government can convince people that there is going to be a lot of pain for one year, but a lot of benefits after that, it is easier to gain acceptance than if they don't see the benefits coming.

Q: Anything more on that project?

KORNHER: No. It was clearly a successful project, well received by the missions and countries it has served. In fact a contract with Management Systems, Inc. is still active today, nine years after the original contract was signed.

Q: How do you want to proceed?

The publications program

KORNHER: The final thing I'd like to talk about is the publications program. I think one of the strengths of the offices I worked for through these years, and my division, is that we made a serious effort to get the word out in terms of ideas, approaches, methods, and lessons of field experience. That was a commitment of the entire Office. It was true in the micro enterprise division, it was true in the urban, regional and rural development divisions, and it was true with my division. It was easier to do because a lot of our work was with universities and university people have career incentives to

write, to publish.

In the Institutional Development and Management Division we took advantage of that by devising a strategy of not trying to get out the longer technical publications ourselves, but rather to get them distributed as journal articles, conference papers, published books. Therefore, we didn't have to worry about whether or not it would be lost in the archives or in fugitive materials that nobody would ever find. Publications were often in the form of books, which we subsidized, but to which the writers contributed a lot of their own time and effort. It served their purpose nicely and it served our purpose nicely.

Across the office, I never made a specific count, but certainly in a twenty year period there must have been 60 books, a hundred good journal articles, 100 conference papers, and so on. I've already talked quite a bit about the Rondinelli book, which provides some nice background and context as well as specific descriptions of some of our projects. Let me mention just two or three more.

David Korten, who worked for NASPAA in the mid '80s, did a lot of writing on learning process approaches and on people-centered development. One product was a book is a book by Korten and the NASPAA Project Director, Rudy Klauss, an edited volume of good pieces collected from various sources on people-centered development. That was put out by Kumarian Press which specializes in development and development management books, and gave us a pretty good deal on subsidized publication of the books we sponsored.

Another one, and this is a theme I have not emphasized enough in our discussion, is management training. We had a project in management training. Then John Kerrigan and Jeff Luke, for NASPAA, did a nice volume on management training strategies for developing countries which covered approaches, assessing training needs, and training methods. It was just a good overview of how to approach management training.

A third book was by Derick Brinkerhoff. This one was put out in the Lynn Rhiner series. It was called Improving Development Program Performance, Guidelines for Managers. This book was published in 1991, and provides an overview of the thinking and experience that NASPAA mobilized in its program management work.. It also has an extensive bibliography.

So these illustrate the extensive publications program. We succeeded, I think, in documenting a lot of this work and therefore it remains available. I will include in my written version of this session a list of many of the books that my Division sponsored. And each of the books, in turn, has a bibliography or reference list.

We used to say in the old days, AID doesn't have a memory bank. Indeed it does nowadays. The program you implemented in the Center for Development Information and Evaluation provided the overall framework, and did -- still does -- a fine job of synthesizing and publishing lessons of field experience. In addition to that, the technical offices of the central bureaus and the regional bureaus and missions have produced and distributed a great many publications so that there are many sources of good literature available to the public to find out what USAID has done and what we have learned

about international development assistance.

Q: Good. Were there any special initiatives on how to get the learning and lessons from these studies and books into the developing country environments?

KORNHER: We did not emphasize that as an in-house function. We did encourage our contractors and cooperators to publish newsletters. CDIE does a lot of good work on distribution and utilization. I guess our attitude has been that if good things are published, people all over the world will find them. That is not necessarily true; but I have been very pleased about the eagerness with which scholars, government executives, management consultants and directors of training institutes, and so on have gained access to the current literature, used it, and carried it forward. At conferences of the United Nations, the Society for International Development, the American Society for Public Administration, I see people from all over the world who know as much about this, or more, than we have been able to discover in years of work..

Q: You did mention that, I guess, some of the regions put on workshops in their country using this material. Is that correct? Where was that happening mostly?

KORNHER: Well, I remember, for example, the Pan African Institute for Development in the Cameroon had workshops. The African Center for development administration in Tangier used to have frequent conferences. The annual conferences of the American Society for Public Administration draw a lot of international attendance.

Q: Based on a lot of this material?

KORNHER: Yes. Our university people, and some USAID people, were on panels and presented papers. The conference panels and papers draw on studies and cases from all over the world. I don't know to what extent international technical conferences are attended or supported by USAID these days. They certainly are continuing under United Nations, development association, and professional association auspices. When I was still with USAID, attendance of USAID staff was criticized from time to time, and it became difficult to get travel money for direct-hire staff to attend. Like anything, it can be overdone, but I always found occasional attendance at such conferences stimulating and operationally relevant.

Concluding observations on development management and USAID

Q: What was your feeling about the receptivity to these ideas within the Agency and in the Missions? Of course it depends on the projects, and you talked about many of them that were used by the Missions, but, in general what was your feeling about the receptivity to development management practices and policies?

KORNHER: It was something that you always had to work on. People are very busy, and they tend to ignore ideas they are not familiar with. Utilization of development management ideas, approaches, and methods often arises from a form of team building. Utilization improves as we learn better how

to do our work, as we learn to build collaboration among people and offices in Washington, and as we learn to extend that collaboration to Missions, where you find someone with some work to do who needs some help to do it, and respects your ability to help whether directly or through intermediaries. So it became kind of *modus operandi* over time to involve regional bureau people and Mission people in the planning and the implementation of these efforts. I think everybody benefited from that kind of working together.

Q: Do you have a sense in general, or maybe in specific, where some of the results, findings, conclusions of these projects over the period of years, have permeated the thinking of practitioners of development that they sort of became the conventional wisdom of the time, or not?

KORNHER: I think that's a continuing job because each generation of development people learns things partly from formal and self-education and partly the hard way. There is a real question as to how fully, and in what ways, the next generation picks up that hard-earned experience. I believe that's part of your mission here in the Association for Diplomatic Studies and Training, namely to make available a lot of the experience that can be picked up by new people so they won't have to learn as much the hard way.

Q: Sure. But my thought was, and maybe this is too difficult to pin down, because it gets kind of diffuse. Do you have a sense, in picking any one of the concepts or ideas that was behind the results of this work, that now is common knowledge or is being applied as accepted?

KORNHER: Yes. It's a little bit difficult to judge, and I don't want to be too optimistic, but I think, yes. For example, I think anyone going through a business school in the Dominican Republic, or certainly to INCAE in Central America, or to a public administration institute in Korea or Brazil, is going to be exposed to many of these ideas which we have been working on and contributing to. But, we have to be modest. These aren't our patented ideas; they are ideas that belong to many writers and university people and operators around the world.

Q: Yes, but they were stimulated or encouraged, facilitated, by your work.

KORNHER: Yes. I think, for example, that the ideas of a project cycle and of not just planning things, but implementing them, which may seem obvious but happened only over time, are now very widely accepted in part because we kept pushing them. The ideas of sectoral management, systems of action, institutional development, action training, learning process, strategic management, program management, involving country stakeholders, are used more often because we kept using them and selling them to others in USAID, other donor, and professional circles.

Q: Any other dimensions to that, you think?

KORNHER: I'm also encouraged about the continuing search for new knowledge. I said before that I think development assistance has to be knowledge-based to be effective. So building the knowledge base is a continuing challenge. A great many people in recent years have gotten interested in political economy, the new institutional economics, and public finance economics. I think these are powerful

tools for continuing an expansion of our knowledge about how development and development management work. Some of the frameworks are a bit too esoteric for field operations, but some of them are very practical.

For example, one of the core ideas of political economy is that people do things because they are in their interest. Norm Uphoff at Cornell might say that's terribly reductionist if you carry it all the way. But still it leads you to ask what incentives are affecting the countries and sectors and organizations and individuals we are working with. Is an official in a poor country corrupt because he wants to make a lot of money or because he can't make ends meet without accepting payoffs? Realistic questions like that. So I think, yes, a lot of the things we have worked on over the years are now well known and well accepted, and new ones are coming down the pike.

Q: What is your feeling about the current acceptance of development management, the subject area, and the focus point, among the development community?

KORNHER: Well, one way to measure that is to ask whether, as USAID support declines, other organizations are picking them up, using and advancing some of these approaches? The World Bank definitely is. The Bank has emphasized organizational capacity building in recent years. One of the editions of the World Development Report, in 1984, was focused on development management. The Bank has continued to pay much attention to a wide range of development management issues, including those we were working on. So I am quite hopeful. I don't think these arts and sciences are going to get lost, because I think they are such a fundamental part of international development work.

For public administration more traditionally defined, there is still a good deal of skepticism as to whether the benefits of programs exceed the cost. I think that skepticism is good, because this whole era of moving toward the private sector, while it may have gone too far at times, really produces some good questions. Like, is this a public function and what is the relationship between public functions and private market functions? So, I'm quite optimistic.

Q: What about not just in the development community, but within USAID, itself, what is your sense of the interest and concern for development management issues?

KORNHER: Well, one concern I do have is that you have to have a piece of the organization that keeps up the work. As staffing declines, and as the champions of this work within USAID retire, I'm not sure who is going to keep it going. It's out there in the knowledge base, but how many advocates are there going to be in USAID? I'm not sure. It would be too bad if USAID just ceded this important area of work to the World Bank and the United Nations, and to contractors.

Q: How much of these concepts get picked up in the discussion of "governance"? Is that just another phrase for the same sort of business?

KORNHER: It ought to be included in governance. The shift to policy change that USAID made in the Reagan years includes institutions of representation, justice and property rights, among other

things--political and legal institutions. Democracy and governance must arise from political and legal institutions. That is all to the good, but governance must also include public programs, roles and relationships among business, government, and the "third sector" of civil society, functions of local government, and efficient delivery of public services.

Q: But is that another dimension of the development management process?

KORNHER: I would say the reverse. Governance, as I conceive of it, first sets up the institutional framework, and development management then helps makes it work. But both are needed.

Q: Well, let me just ask you some questions to bring it back to you a little more directly. After this considerable career and continuity, you were a point of continuity over the years in this whole field of development management, how do you feel about your work all those years, and your experience? What is your assessment of what you feel you have been able to do?

KORNHER: Well, unlike some AID retirees, I have quite a good feeling about my career with USAID and the contributions that were made in the projects and programs that I was associated with. I had a personal inclination and commitment to move from knowledge to action. The roles that I played always permitted that kind of movement. I think we developed approaches, methods and teamwork over the years that made us useful and relevant to the real world that USAID Missions confront and to helping involve host country people to get things done. So, in general I have a good feeling about this whole movement over the past thirty years and my involvement in it.

Q: In the evolution of AID or changes, and so on, how did you find the Agency as an environment to work in.

KORNHER: Generally very good. One of the things I have always said is that most of the people I have met and worked with in USAID are very bright and committed people. In those kinds of interrelationships with able people, who want to get things done, I have been quite satisfied. At the same time, I guess this is characteristic of all bureaucracies, you get jerked around, sometimes, in ways that are not very satisfying.

Q: What do you mean?

KORNHER: There were two cases when USAID decisions--one in Washington and one in the field--suddenly got in the way of important field initiatives we had going.

Q: Like what?

KORNHER: These are debatable issues, of course. First Morocco. I met Mohammed Birouk, a senior official in the Ministry of Interior at a conference in Tangier. We got acquainted and eventually came up with -- his idea -- reforming the training provided for local government cadre in Morocco through the Ministry of Interior.

The Morocco Mission at that time was doing demand-driven programming. If the Ministry of Health wanted some help, they got it, and usually good help, and they were usually enthusiastic about it because it was their idea. Dr. Birouk's idea was another example of demand-driven programming. The Interior Ministry said we want to improve our training of local government cadre and we have three regional training centers to work through and the S&T Bureau in Washington said they would help us get mobilized, will you, the Mission, put up the money? Yes. So we hired Dick Roberts, who used to be the Ford Rep in the Maghreb, spoke fluent French, and had done management work at Denver University, a really good guy, to provide this direct relationship and help the Moroccans revise their training programs.

Well, I think we were eight or nine months into the program when the Asia and Near East Bureau back in Washington said, "You Mission people in Morocco are all over the map, you've got health projects, you've got local government training, you've got this and that. It does not amount to a strategy. We are not going to let you do that anymore. Oh, and by the way, we think that what the Moroccans really need to be doing is dry land agriculture. They have run out of irrigated perimeters so you need to help them mobilize the technology and the organization and the extension to do dry land agriculture." So, guess what, some of the demand-driven projects, including ours, got killed, peremptorily, and replaced with a strategic emphasis on dry land agriculture.

Q: Which the government hadn't asked for?

KORNHER: Which the government had not asked for. I checked the program book about three years later and there was nothing going on in dry land agriculture in Morocco. There was also an incident in a Southern Africa regional public administration training program we were involved with Rukudzo Murapa, the team leader, was doing an outstanding job. But the regional USAID office insisted that he work directly for them under a personal services contract, and he didn't want that kind of direct identification with USAID. So he left to work for the World Bank. But I have to say that however memorable and disappointing those events were, there weren't very many of them over the years. Collaborative relationships among the missions, regional bureaus, and our central programs required lots of attention, but they usually worked well.

Q: How would you judge the Agency for providing opportunities for initiative and creative thinking?

KORNHER: Compared to other agencies of the U.S. Government, ten out of ten. One of the nice things about USAID, as I saw it, was that if you are a reasonably good salesman with a reasonably good idea or product, you could get money for it. That was one of the great things about working for USAID: the activist people, the advocates, got things done that they wanted to do, and usually quite constructive things, because it was an entrepreneurial organization. That was partly because of the project form of management. You are always looking for a new project that makes sense and gets things done.

Q: Getting even further back, taking a look at the programs and your experience in foreign assistance, what are your conclusions about its effectiveness and contribution to the business of

development in developing countries?

KORNHER: Over the years, while there have been some failures, the achievements have been substantial. We should not think that the main impetus is the assistance, though. Rather it's leadership and commitment in the country we are working with. When you find that leadership and commitment, and especially when they are supported by a progressive set of democratic institutional arrangements, the external assistance can support and advance the needed changes. For example, In Poland since the fall of the Iron Curtain, the development progress has been phenomenal. External assistance has been very helpful, but an adjunct to the initiatives the Poles were taking themselves. The same was true of Korea many years ago and of South Africa in recent years.

Also, USAID has made both mistakes and correct decisions in program emphasis over the years. Exporting tactical tools of public administration was a mistake. Supporting the wrong kind of rural development participation for many years was a mistake. But supporting policy reform and autonomous local governments were correct.

Overall, my judgment is that the taxpayers are getting a much better deal in foreign assistance than they think they are. Assistance, exchange, diplomacy and community-building elements of foreign policy are a lot cheaper than military elements. They don't produce quick results, but they do support the evolution of responsible, increasingly democratic countries over long periods.

This meshes with my conclusions in my research at Georgetown.. They were that people-oriented investments -- cultural and university exchanges, for example -- make a difference over time. The so-called slow media efforts of USIS, the exchanges, today the Humphrey Fellows, the Eisenhower Fellows, and similar programs make a big contribution to U.S. foreign policy objectives. But it is not very visible and it is not very fast.

I think the same thing is true of USAID. It is hard to say that the reforms in Guatemala were brought about by USAID interventions. But at the same time, the constant, gentle pressure to get away from the military dominance to a little more democracy, a little more rational way of dealing with your development agenda, of relating to your large Mayan population up in the highlands, makes a difference. It's kind of an accretive strategy, because a lot of Guatemalans get educated in the United States, and they say this traditional, despotic regime is not what we want anymore, and eventually not what we're going to tolerate anymore. So I think in that way USAID makes a major contribution.

These are also opportunities, and I saw this very much in working on programs in Central Europe since I retired from USAID. Countries like the Bulgaria, Romania, Bosnia -- they want very much to be a part of Western Europe, the European community. In spite of the hangers-on from the old regime, their reform agendas are moving fast. So there are opportunities to help them do what they want to do, and do it more quickly.

Q: Well, as a last question. If some young man or woman came to you and said would you recommend that I go into an international or global development business? Would you recommend

that they work for USAID? What would you say?

KORNHER: I would say by all means do it. But I would say you had better be well prepared to get in the door--the bar is much higher than it was when I was hired by AID. You need a relevant second language, you need some overseas experience like the Peace Corps or development contract work, and you need both technical and international credentials, background and experience. With all of these you might make it into the International Development Intern Program. It is very competitive. If you do make it, it's a great opportunity, and a satisfying career. If you don't its still a very international world, so your preparation will be very useful on other career paths.

Q: Good. Well, why don't we end it there and thank you very much.

KORNHER: Okay. May I just say one more thing.

I think the Association for Diplomatic Studies and Training, and Haven North as one of its leaders, deserve a real compliment for the time and effort that you are giving to these interviews. Establishing a personalized history of what has happened in diplomacy and international development over the years is worth doing. From one point of view, it's a nice forum for old fogies to reflect on what they used to do. But I think it is much more than that. I think that the sharing of experience can be immensely useful, and I commend you for spending as much time on it as you do.

Q: Thank you for that comment. We'll press on.

Selected Bibliography

A. SELECTED WORKS SPONSORED OR SUBSIDIZED BY USAID'S CENTRAL DEVELOPMENT ADMINISTRATION UNIT

Brinkerhoff, Derick W. Improving Development Program Performance: Guidelines for Managers, Boulder CO, Lynne Rienner, 1991 (Note: contains an excellent and extensive bibliography.)

Esman, Milton J. and John D. Montgomery. "Systems Approaches to Technical Cooperation: The Role of Development Administration," Public Administration Review, Vol. 29, No. 5, 1969, 507-538.

Hage, Jerald and Kurt Finsterbusch. Organizational Change as a Development Strategy: Models and Tactics for Improving Third World Organizations, Lynne Rienner Publishers, Boulder CO, 1987.

Ingle, Marcus D., Morris J. Solomon, Pierette J. Countryman, and Merlyn H. Kettering. "Promising Approaches to Project Management Improvement," Washington, DC, Development Project Management Center, U.S. Department of Agriculture (mimeo), 1981

Kerrigan, John E. and Jeff S. Luke. Management Training Strategies for Developing Countries, Lynne Rienner Publishers, Boulder CO, 1984.

Kiggundu, Moses. Managing Organizations in Developing Countries, West Hartford, CT, Kumarian Press, 1989

Korten, David C. "Community Organization and Rural Development: A Learning Process Approach," Public Administration Review (September/October 1980) 480-511.

_____ and Rudy Klauss, eds. People Centered Development: Contributions toward Theory and Planning Frameworks, West Hartford, CT, Kumarian Press, 1984

Koteen, Jack, Edward Rizzo, David Jickling, and Kenneth Kornher. "Key Problems in Development Administration", Washington: U.S. Agency for International Development, 1970 (mimeographed).

Ostrom, Eleanor, Larry Schroeder and Susan Wynne. Institutional Incentives and Sustainable Development: Infrastructure Policies in Perspective, Boulder, CO, Westview Press, 1993

Paul, Samuel, Managing Development Programs: Lessons of Success, Boulder, CO, Westview Press, 1982.

Rondinelli, Dennis A. Development Administration and U.S. Foreign Aid Policy, Boulder CO, Lynne Rienner, 1987 (Note: Contains an excellent and extensive bibliography.)

_____ and H Raymond Radosevich, "An Integrated Approach to Development Project Management," Report to the U.S. Agency for International development. Washington: U.S. Agency for International Development (mimeo) 1974.

U.S. Agency for International Development (Ambassador William Hall), "Report of the AID Work Group on Management Improvement and Development Administration," Washington, USAID (mimeo), 1975

White, Louise G. Creating Opportunities for Change: Approaches to Managing Development Programs. Boulder, CO, Lynne Rienner, 1987

B. OTHER SELECTED WORKS RELATED TO THE EVOLUTION OF USAID'S DEVELOPMENT ADMINISTRATION PROGRAMS

Blase, Melvin G. Institution Building: A Source Book, University of Missouri Press, Columbia, MO 1973; Revised Edition, 1985 (Note: contains an excellent and extensive IB bibliography.)

Holdcroft, Lane E. The Rise and Fall of Community Development in Developing Countries 1950-65: A Critical Analysis and Annotated Bibliography. AID Contract -CA3; Washington: Office of Rural Development and Development Administration, USAID, 1978

Moris, Jon R. Managing Induced Rural Development. Bloomington, IN, International Development Institute, 1981.

Morss, Elliott R. and David D. Gow (eds.). Implementing Rural Development Projects: Lessons from AID and World Bank Experiences, Boulder, CO, Westview Press, 1985.

Mosher, Arthur T. Getting Agriculture Moving: Essentials for Development and Modernization. NY: Published for the Agricultural Development Council by Praeger Publishers, Inc., 1966.

Owens, Edgar and Robert D'A. Shaw. Development Reconsidered. Lexington, MA, DC Heath, 1972.

Picard, Louis A. The Politics of Development in Botswana: A Model for Success? Boulder, CO, Lynne Rienner, 1987

Siffin, William J. "Two Decades of Public Administration in Developing Countries," Public Administration Review, Vol. 36, No. 1, Jan.-Feb. 1976, pp. 61-71.

Thompson, James D. Organizations in Action. NY, McGraw-Hill Book Co., 1967.

Waterston, Albert. Development Planning: Lessons of Experience, Baltimore MD, Johns Hopkins University Press, 1969.

World Bank, World Development Report 1983 Part II, "Management in Development". NY, Oxford University Press, Published for the World Bank, 1983.