

**ORGANIZATION AND ADMINISTRATION  
OF  
INTEGRATED RURAL DEVELOPMENT**

**USAID PROJECT 936-5300**

**ADMINISTRATIVE REPORT NO. 1**

**June 4, 1979**

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ORGANIZATION AND ADMINISTRATION OF  
INTEGRATED RURAL DEVELOPMENT

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Ending Dec. 29, 1978.

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Submitted By: Development Alternatives, Inc.  
1823 Jefferson Place, N.W.  
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Under Contract No. DSAN-C-0065.

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## I. Introduction

The general objective of the services provided by Development Alternatives, Inc., (DAI), under contract No. DSAN-C-0065 is "To improve the effectiveness of on-going and future Integrated Rural Development (IRD) efforts. This objective will lead to the broader goal of helping developing countries reduce the number of rural poor whose basic human needs are not being met."

To achieve this objective, four (4) years of professional technical assistance are being provided from September 29, 1978 to September 28, 1982. That technical assistance consists of the following outputs:

- (A) State-of-the-Art Paper (SOAP);
- (B) Networking of consultants;
- (C) Review of ten developing countries;
- (D) Formal analysis of and assistance to local IRD projects; and
- (E) Manual for designing IRD activities.

The purpose of this quarterly report is to present an account of progress made toward the general objective stated by outlining activities undertaken for each of the five outputs.

The basic format of this report is: (1) a synopsis of activities to be presented for each output, and (2) a detailed record of expenditures and personnel employed to be attached. Additional attachments will be included when appropriate.

To facilitate the location of particular items, and to achieve a concise presentation, the following format will be used for the synopsis of activities:

- (a) An abbreviated version of each output in the program description will be stated;
- (b) Each abbreviation will be followed by a narrative summary of accomplishments and problems related to the expected time frame for that output; and
- (c) The narrative summary will begin with a status code. The codes are as follows:

I. Introduction (continued)

PENDING: This signifies that no input was made for the period covered by this report, according to the schedules defined in the program description.

LIMITED: This signifies that not enough input has been made to directly produce an output.

SIGNIFICANT: This signifies that inputs have made a direct contribution to an eventual output or that an output has been partially completed.

COMPLETED: This signifies that an output has been achieved.

This should maintain brevity while simultaneously allowing an assessment of both contractor inputs and progress toward specific objectives.

## II. Activities and Progress

Each output is presented below and is followed by a brief progress report.

### OUTPUT A: STATE-OF-THE-ART PAPER

OUTPUT DESCRIPTION: Existing knowledge about IRD will be combined with the lessons of experience drawn from on-going IRD activities into a State-of-the-Art paper which synthesizes knowledge about a number of aspects of IRD design and administration. An initial draft SOAP will be completed at the end of year one of the contract. This document will be revised near the completion of the four years to include lessons learned during the life of the contract.

STATUS CODE: SIGNIFICANT

During the first quarter the steps necessary to complete a SOAP by the end of the first year of contract implementation were identified and the first of these steps initiated. It was recognized that inputs for the SOAP would come largely from two sources: a review of the literature and what is learned during the initial ten country review visits (the latter are discussed under Output C below). Specific action taken during this quarter includes:

- 24 professional journals dealing with areas relevant to the SOAP were identified. "Request for Information" notices (See Attachment 1 ) were submitted to each journal for publication in upcoming issues. The objective of these notices is to obtain relevant information from individuals involved in/knowledgeable about IRD project implementation. During the first quarter there

were no responses to these notices.

- "Organizing and Administering Integrated Rural Development: A Two-fold Approach" (see Attachment 2 ), an article jointly authored by Tom Armor, George Honadle, Craig Olson and Peter Weisel, was submitted to several journals for publication. The purpose of this effort is to define approaches which incorporate organizational development (O.D.) dimensions in project implementation; in essence, it discusses how O.D. conceptually complements the more traditional structural approaches to the organization and administration of IRD projects.
- Individual members of the CORE team initiated correspondence with personal contacts in their fields to elicit project implementation material. One article to which the project staff was directed and which provides particularly interesting insights into O.D. interventions into project implementation is included as Attachment 3 . (Its inclusion is illustrative; the article is of particular interest in showing how O.D. can play a positive practical role.)
- An investigation into available computer facilities for the retrieval of publications dealing with topics under consideration by the project was undertaken by Dr. Armor. CORE team members provided input in the form of key words, topics and ideas to be targeted for retrieval.

- An IRD library was established for the collection of materials to be used in the SOAP. A literature review system was implemented which provides for an initial critical evaluation of all incoming materials by CORE team members, and refers specific materials among CORE staff who might have particular interest/expertise in the topic.

As is exemplified by the various actions noted above, our approach to the literature review is to identify several alternative avenues through which relevant literature can be obtained as well as a review process by CORE staff to cull the materials obtained in order to reduce them to include only the most useful.

OUTPUT B: NETWORKING OF CONSULTANTS

OUTPUT DESCRIPTION: AID's pool of consultants will be expanded by locating individuals who are experts in various aspects of IRD and providing their names and addresses on an updated list that will be divided into two (2) sections: Academic, and Practitioner.

STATUS CODE: LIMITED

No systematic work was done on this objective during the first quarter. Files were kept of consultants that we contacted/ became aware of during the course of our other work.

OUTPUT C: TEN COUNTRY REVIEW

OUTPUT DESCRIPTION: Descriptive and evaluative documentation of income production and social service (but not necessarily IRD) projects from ten countries in which the U.S. has bilateral programs will be assembled, and the administrative and organizational structures for such projects will be analyzed in the light of the differing human and natural resource endowments of the countries involved.

STATUS CODE: SIGNIFICANT

Our experience during the first quarter in initiating the ten country review exemplifies the great amount of time and resources required to establish the lines of communication and levels of credibility necessary to begin work in the field. Only one country was visited during this quarter -- Honduras. The bulk of the project director's time was spent in making initial contacts with missions and projects and defining what might usefully be done.

A number of issues have proven important in this process:

- This project is atypical in that it is neither a "research" nor a "consulting" contract in the usual sense. Rather, it is a combination of the two. Its objectives are to record in a systematic way implementation issues and problems (and so learn from them), and at the same time use a consulting vehicle to accomplish this learning process.
- Our experience has been that, on balance, missions are less than enthusiastic when confronted with the prospect of another "evaluation" or "research" team. As a

result, our approach to missions has been to emphasize that we have a service to offer -- we are not one more of the long line of outsiders coming in to assess or evaluate. This approach has proven to be appropriate in that it is an accurate representation of what we are in fact trying to do, and at the same time serves to facilitate our entry.

- To communicate the above has been a long process. This is reflected by the fact that our initial African trip (scheduled for the second quarter) will involve visiting four countries, three of which will consist solely of discussions with missions and project staff to work out what might be done at a later date and what projects would be the most appropriate to visit. Only one country -- Liberia -- will involve actual project assessment that will be included in the ten country review.

Our experience to date indicates that a greater effort needs to be made by the CORE staff to initially define what specific projects might be of use to look at and to offer suggestions from Washington. This will involve a greater initiative on our part to define with missions substantive work to be carried out during the first field visit. Though this task has proven difficult, it is one which will be improved upon over time.

The Honduras trip report, enclosed as Attachment 4 , discusses issues raised during the first visit to Honduras. A proposed scope of work for a second trip will be prepared based upon these issues.

The countries with which a dialogue has been developed during this quarter concerning possible project involvement include:

- Honduras
- Nepal
- Afghanistan
- Liberia
- Ghana
- Kenya
- Tanzania
- Botswana
- Benin
- Cameroon
- Yemen
- Bangladesh
- Pakistan
- Jordan
- Philippines

OUTPUT D: ASSISTANCE AND ANALYSIS

OUTPUT DESCRIPTION: IRD assistance teams will be assembled and sent to selected countries where IRD activities are being planned, implemented or evaluated. The teams will diagnose local IRD management needs and prepare written analyses which suggest organizational changes or reinforcements to facilitate more effective or efficient project management.

STATUS CODE: PENDING

OUTPUT E: IRD DESIGN MANUAL

OUTPUT DESCRIPTION: A manual for designing IRD activities will be drafted and a conference on "designing and managing IRD" will be conducted.

STATUS CODE: PENDING

### III. Administrative Issues

The summary which appears below serves as an overview of ongoing administrative processes, identifying administrative issues that have been successfully dealt with, as well as discussing present and potential problems in the administration of the project.

In addition, interactions that have taken place between project members, and contract authorities (such as CORE team meetings, correspondence, etc.) will be discussed from an administrative viewpoint.

#### SUMMARY

It is useful to identify important administrative issues related to the management of the project. Some of these issues have been touched upon in the preceding sections. Those which are of primary interest/importance are summarized below.

- As is repeatedly emphasized in the various project documents, the project is structured around an integrated team approach. This structure is based upon the notions that a) to carry out the work effectively various types of expertise will be needed -- this variety is reflected in the composition of the CORE team; and b) that much can be gained in having the entire team assess/work with the same projects and so apply varying points of view to the same sets of problems.

It is envisioned that the team will, over time, build and share a common body of knowledge and develop a consistent approach to overseas interventions.

While the team concept is sound, it is proving

difficult to implement in practice. USAID and project staff have their own perceived short-term technical assistance requirements, and are looking to the IRD Project as one source of expertise upon which to draw. Seldom do these requirements precisely match available CORE staff resources. (Mission and project personnel generally request fewer than the entire CORE team, feeling that too large a number of consultants visiting a single project can easily "overwhelm" a local situation.)

Further, as noted earlier, project assessments undertaken expressly for use in the preparation of the SOAP are seldom welcome by field personnel. (More often than not they are perceived as additional, and generally unwanted, project evaluations.) As a result, the approach we are following is to combine substantive project consulting with the assessment of project implementation problems. The particular mix of CORE staff and additional consultants provided will vary from project to project according to individual needs and requests.

- We anticipate applying the same behaviorally oriented organizational development techniques to the CORE team interactions and development as we will use in

consultations overseas. One mechanism utilized in this process is frequent CORE staff meetings held in Washington, D.C. During the first quarter three such meetings were held, in October, November, and December. The meetings focused on such issues as field methodology, the development of country/project contacts, the literature review process, the SOAP structure, and a general concern for how to operationalize an integrated approach to project tasks. While, as noted above, likely field visits will involve less CORE team integrated activity than desired, these CORE staff meetings will be utilized to share lessons learned from the field work and draw specific information from those involved in the visits.

- A Project Committee, consisting of representatives from DS/RAD and regional bureaus, was established. Its principal purpose is to facilitate the work of the contractor through a) reviewing the project work as it proceeds and making suggestions/recommendations regarding all aspects of the work; and b) acting as the liaison between the contractor and individuals within concerned AID offices and in Missions.

The latter of these two functions can be particularly useful. Often numerous staff, on the various

desks, in DR, etc., have particular responsibilities related to projects being implemented and need to be brought into the decisionmaking process regarding potential use of IRD resources in these projects. Committee members can facilitate this process, and so save considerable time and effort that we would otherwise expend on a wide range of administrative matters.

- An excellent working relationship is being developed between the DS/RAD project monitor, Ron Curtis, and the project staff. A variety of administrative procedures designed to facilitate the project work have been established between DS/RAD and our office -- from clearance procedures for utilizing consultants to the distribution of cable traffic and other communications. Further, Dr. Curtis has been centrally involved in the substance of the project, including the development of the field methodology, determining what implementation issues are the most relevant to address, etc. This high level of involvement by Dr. Curtis is proving invaluable in the process of developing the project; we feel that it is a benefit both to our staff and to DS/RAD.
- Finally, it is useful to reiterate the point made earlier that the time and resources being expended on

initiating country visits is far greater than we had anticipated. As noted, the Project Committee is playing a facilitating role in this process. Nevertheless, to initiate a project of this sort is a long and often arduous process.

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IV. ATTACHMENTS

ATTACHMENT 1

REQUEST FOR INFORMATION NOTICE

ATTACHMENT 1

ORGANIZING AND ADMINISTERING INTEGRATED RURAL DEVELOPMENT

Information is requested concerning theoretical comparative or case studies that might have insights useful for the organization/administration of IRD projects in less developed countries. Development Alternatives, Inc., under contract to the U.S. Agency for International Development, is preparing a state-of-the-art paper on organizational aspects of multisector projects in rural areas of Africa, Asia and Latin America. Information about studies or experience in interorganizational relations, participatory management, project implementation and design (including structures, incentives, interpersonal relations, etc.), cross-professional communication and administration environments is particularly welcome.

Reply to :

IRD Project  
Development Alternatives, Inc.  
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ATTACHMENT 2

"ORGANIZING AND ADMINISTERING INTEGRATED  
RURAL DEVELOPMENT: A TWO-FOLD APPROACH"

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ORGANIZING AND SUPPORTING INTEGRATED RURAL DEVELOPMENT PROJECTS:  
A TWOFOLD APPROACH TO ADMINISTRATIVE DEVELOPMENT

by  
Tom Armor, George Honadle, Craig Olson and Peter Weisel<sup>1</sup>

Problems in administration and organization loom large in the list of concerns perennially put forth by the managers and field staff of development projects. When a project must operate in a rural setting and is charged with the integration of income-generating activities and services, organizational shortcomings are frequently magnified. Yet project designs commonly give little attention to management (as opposed to technical) details.

This article argues that problems in rural development project management must be approached from two analytic viewpoints. The first may be called the development administration or organizational, point of view. The second may be called the organization development or applied behavioral point of view. Both approaches are valid and necessary. If they could be integrated into project analysis, then implementation might be substantially improved. However, neither approach can be used in a contextual vacuum. This

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<sup>1</sup> George Honadle, Craig Olson and Peter Weisel are Development Administration Specialists at Development Alternatives, Inc. They are currently involved in an AID-funded effort to provide assistance in the organization and implementation of IRD projects. Tom Armor, an organization development consultant, is also involved in that effort.

article examines the context of integrated Rural Development, presents the advantages of each of the approaches noted above, and then offers a synthesis of the two as a practical strategy for improving development project management.

#### THE PROBLEM OF ADMINISTRATIVE DEVELOPMENT IN IRD

There is little agreement in the literature on a precise definition for integrated rural development, but the concept generally entails a multisectoral, sometimes referred to as a total systems, approach to the promotion of economic growth and socioeconomic well-being among rural populations. Thus integrated rural development projects often include infrastructure, social services, agricultural production and small industry subsystems. These subsystems may be broken down into components such as roads, wells and irrigation (for infrastructure), non-formal education and basic health (for social services), field-testing, extension and storage (for agricultural production) and agricultural processing and non farm manufacturing (for small industries).

For these activities to succeed, each must have a clear set of responsibilities and sufficient resources to carry them out. But for the project to succeed, these activities must be integrated. Inevitably this entails some blurring of jurisdictional

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See Manfred Leupolt, "Integrated Rural Development: Key Elements of an Integrated Rural Development Strategy," *Sociologia Ruralis* Vol. XVII No. 1/2, 1977.

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boundaries. Tensions arise as responsibilities are assigned and attempts are made to coordinate their implementation. Coping with these tensions is a fundamental problem in the management of integrated rural development projects.

To promote integration, project designers draw up organization charts with boxes designating spheres of activity and lines between the boxes indicating either chains of command or areas of "coordination." What is too often missing, however, is any indication that boxes higher up have the authority or the resource to direct the boxes lower down; or whether parallel boxes have any incentives to coordinate their activities. Robert Chambers has pointed out that

...the word 'co-ordination' provides a handy means for avoiding responsibility for clear proposals. It is perhaps for this reason that it is much favored by visiting missions who are able to conceal their ignorance of how an administrative system works or what might be done about it by identifying 'a need for better co-ordination.' Indeed, a further research project of interest would be to test the hypothesis that the value of reports varies inversely with the frequency with which the word 'co-ordination' is used.<sup>1</sup>

The problem of orchestrating cooperation and coordination between agencies is familiar to all project managers who have had to rely on different agencies for decisions or support. It stems from the natural inclination of institutions toward self-preservation and aggrandizement.

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<sup>1</sup>

Robert Chambers, *Managing Rural Development*, Uppsala: The Scandinavian Institute of African Studies, 1974, pp. 24-25.

The problem of exacting compliance from subordinates entities is perhaps less familiar but likely to be equally troublesome to project managers. Leonard found, for example, that agricultural extension agents in Kenya were consistently able to resist carrying out instructions without great risk of incurring sanctions from their superiors. Their tendency toward non-compliance, Leonard observed, was inversely related to the degree of "authoritarianism" or arbitrariness by which superiors made decisions and issued orders.<sup>1</sup> This reinforces the notion that better organizational performance can be expected when decisions are reached through participation and information exchange.

Another key problem is the lack of incentives for cooperation. Assumptions about the nobility and good intentions of organizational actors must be discarded. In other words, incentives to coordinate and cooperate must be deliberately incorporated into project designs or reshaped during project implementation. Unfortunately, the lessons of experience are that incentives for inappropriate project staff behavior are often stronger than those supporting the desired staff performance.

Another frequently encountered problem, particularly among well-established organizations, concerns the direction of information flow. In many ministries communication is largely one-way, taking the form of directives from the top down. Lower-

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<sup>1</sup> David K. Leonard, *Reaching the Peasant Farmer: Organizational Theory and Practice in Kenya*, Chicago: The University of Chicago Press, 1977.

level staff are more comfortable with carrying out instructions than with transmitting information to their superiors. The result is that many decisions and subsequent activities are carried out in ignorance of realities in the field. A contracting problem is that managers find themselves inundated with data and cannot sort out what is useful from what is not. Thus, although the particular nature of the situation varies, communication problems can plague, and sometimes cripple, IRD efforts. In fact, this type of malady is typical of IRD projects for a simple reason -- they tend to be complex and, as organizational complexity increases arithmetically, communication needs increase geometrically. Thus complex organizational arrangements are prone to such malfunctions.

In diagnosing problems, a primary task is to sort out whether a perceived problem has primarily a technical or interpersonal basis. The two areas are not unrelated. Technical incompetence can engender interpersonal difficulties, while interpersonal problems often affect technical performance. Our experience has been that first diagnoses often miss the interrelationship. An office manager may be seen, for example, as "unorganized," but the problem may be due less to the manager's personal competence than to the fact that he or she is receiving inadequate or contradictory guidance from higher-level staff. A field manager may be seen as unable to control subordinates, but



again this may be due less to the field manager's personal skills than to the fact that many of the staff are seconded from another organization and therefore do not see themselves as being accountable to the field manager. Thus problem identification requires an exploration of both structural and personal factors.

Administrative development, in the IRD context, is, therefore, the ability to identify problems that hamper service integration, deal with them in an effective way (and thus improve implementation) and incorporate this knowledge into later project efforts (and thus improve design). This also requires both structural and interpersonal approaches.

#### SOLUTION I: THE DEVELOPMENT ADMINISTRATION APPROACH

Development administration is the study, design and management of organizations responsible for constructing, funding and implementing development plans in less developed countries. It focuses on the structural relationships between various organizational entities in such terms as responsibilities, authority, flow of funds, career paths, legal and historical prerogatives, and incentive systems. Careful and comprehensive evaluation in these terms can lead to the design or redesign of organizational relationships to make them more supportive of integrated rural development projects' behavioral needs.

There are four recurring types of organizational strategies used for rural development projects:

- Working through traditional line ministries, or agencies affiliated with line ministries, at the national level;
- Working through subnational governments or government agencies;
- Working through integrated development agencies; and
- Creating special project management units.

Experience with these arrangements in actual project situations, together with the advantages and disadvantages of such arrangements, are discussed in this section.<sup>1</sup>

Organizing rural development projects through established line ministries, particularly the agricultural ministry, is the most common development administration approach. There are several reasons for selecting this strategy. First, a ministry or agency is a permanent part of the government. Knowledge gained in the project might, therefore, spread to other programs run by the same agency. Second, if a project is not limited to a specific area of the country, it is difficult to work through a subnational government entity. Furthermore, projects often result from requests by ministries that intend to manage them. This narrows the choice for project placement.

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For more detail, see especially Development Alternatives, Inc., *The "New Directions" Mandate: Studies in Project Design, Approval and Implementation*, a report submitted to AID's Office of Rural and Administrative Development, January 1978 (revised), Chapter Eight.

Working through traditional line ministries also has a number of disadvantages: the capabilities of line ministries are generally limited to one or two narrowly defined functional areas, while rural development projects increasingly require the integration of a variety of functional activities; in order to carry out this variety of activities, the designated agency often must look to outside sources of expertise and capability. Another problem is that traditional ministries usually have their most capable personnel in the capital city, with much weaker capabilities in the rural areas where project activities will actually be conducted. In addition, ministries or large national agencies have many different programs, so that there is sometimes a problem of how much priority and attention the project will receive within the ministry or agency itself.

Thus, in projects where traditional line ministries are used it becomes necessary to see how the agency can forge links to external organizations whose cooperation is necessary, as well as how it can coordinate its own internal activities and allocate operational responsibilities between headquarters and the field. This requires different tactics in each project.

The increasing popularity of integrated or area development projects has coincided in some countries with a movement toward decentralization -- the devolution of decisionmaking authority and the control of development resources, from the center toward the periphery of government. At the same time, it has been

increasingly recognized that the best project implementation results can be achieved by locating primary operational responsibility at the lowest capable administrative level. A common strategy for implementing "decentralization" is that of using "integrated" project organizations to lower the level where cross-functional responsibility is held.<sup>1</sup>

One problem with attempts at decentralization, however, is that the lower one looks on the administrative scale, the lower, in all likelihood, are the government's administrative capabilities. The talent gap in developing countries typically finds an urban-rural, center-periphery expression:

The best brains, the 'best people' are concentrated in the capital city, and this centralization feeds upon itself, attracting the best of each new crop of young men to it. Career-opportunity, intellectual company, social life, all pull against the prospect of work in a distant province.<sup>2</sup>

The problem is compounded by the fact that many countries have made little effort to create viable rural institutions with which decentralized authorities can work.

Another common problem with attempts at decentralized implementation is that subnational units of government find it difficult to gain control over the line ministries operating within

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<sup>1</sup> See Arlyn S. Melcher, *Organization Structure and Process: A Systems Approach*, Englewood Cliffs, N.J.: Prentice-Hall, 1976.

<sup>2</sup> Guy Hunter, *Modernizing Peasant Societies*, London: Oxford University Press, 1969, p. 203.

their region, province or district. The administrative structures in Kenya and Tanzania are illustrative of two different approaches to resolving this problem. In Kenya there is a district government structure, with the Commissioner deriving his authority from the Office of the President. A District Development Officer, recruited and trained by the Ministry of Finance and Planning but reporting to the Office of the President, is responsible for coordinating line ministry activities and planning local assistance projects from a special development fund. But the line ministries maintain control over their own staff and funding and continue their largely autonomous planning and execution of nationally scheduled programs. As a result, the attempts at district-level coordination of development activities in Kenya have met with little success.<sup>1</sup>

In Tanzania, the Regional Development Director derives his authority from the Prime Minister's Office, and line agencies also plan for and spend the majority of the development funds in any one geographic area. The authority of the regional chief is such, however, that the major planning efforts are coordinated at his district/regional level, and the line agencies expect, and receive, bottom-up planning. In Tanzania development assistance funds complement overall district planning efforts; they do not merely fill small gaps in the preprogrammed efforts of line ministries, as in Kenya.

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<sup>1</sup> Peter F. Weisel, "Some Issues Related to District Development (in Kenya)," Kenya Ministry of Finance and Planning and Development Alternatives, Inc., March 1977.

In sum, turning over operational responsibility for a project to a subnational entity (e.g., a provincial, regional or district government, a local development organization, or a decentralized, semi-autonomous government agency) has the advantage of bringing operational decisionmaking closer to "ground level." It may also make it possible to concentrate the control of resources in one organization, but more often this function is split at the local level, posing difficult problems of coordination and cooperation. However, decentralizing authority for development decisionmaking does not obviate the necessity for integrating local development plans into overall national planning. Moreover, decentralization of project authority may pose a jurisdictional threat to previously powerful line ministries and it may also threaten host country or donor officials who insist on strict financial management controls over project activities.

If line ministries cannot do the job, and decentralization is not yet feasible, another approach is to work through integrated development agencies. These agencies often derive their authority directly from the Prime Minister or a President's office, and are given direct responsibility to implement or to coordinate the implementation of rural development projects in specified areas.

In the Republic of Senegal, for example, the government has divided the country into six agro-ecological zones and has

created an equal number of public enterprises to manage rural development schemes in those zones. These enterprises enjoy a degree of financial autonomy, flexibility in administrative procedures, and freedom in recruitment and control over staff that has increased their efficiency in delivery of services.

A variant of the "integrated development organization" approach is found in the Philippines.<sup>1</sup> Lead line agencies have been tapped for the chore of integrating activities of local line ministries in various IRD subprojects. The lead line agency designated for each subproject depends upon the focus and thrust of the development activities in question. Although this strategy does have the advantages of providing a concentration of project-specific technical skills and distributing the lead role among different agencies, problems result from the fact that field workers are often controlled more by home line agency requirements than by project needs.

In working through organizations that have been created for the precise purpose of "integrating" rural development activities, it is sometimes possible to enjoy institutional competence and experienced personnel. Sometimes, too, these organizations have strong authority to coordinate activities in specified geographic areas. More often, however, they have limited authority, limited institutional and staff experience, and run

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<sup>1</sup> See George Honadle, "Implementing Integrated Area Development in the Bicol," a report to the U.S. Agency for International Development and the Bicol River Basin Coordinating Committee, Development Alternatives, Inc., October 1977.

up against the power and prerogatives of traditional line ministries. It is in these cases in particular that mechanisms and procedures for coordination must be created during project design. Otherwise, the main features of implementation will be organizational rivalries and bottlenecks.

If host country organization, administration, priorities, and institutional capability are too weak to support integrated rural development activities, a last option is to create a special project management unit. This is the approach frequently chosen by the World Bank for the rural development projects it supports. It reflects a strong desire for early benefits and bankable returns from project activities, but less concern for the self-perpetuation of project benefits once foreign assistance is withdrawn.<sup>1</sup> This is a common result of a vestigial engineering view of organization design. However, its ability to succeed in non-physical infrastructure activities remains questionable.

Regardless of the overall organizational structure used to implement IRD, empirical research has shown that the probability of project success is significantly raised by such factors as effective two-way communication between project staff and farmers, the existence of local organizations within the project

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<sup>1</sup> See Gary Brewer, *Politicians, Bureaucrats, and Consultants*, New York: Basic Books, 1975, for a thorough discussion on methods of creating special management units to implement projects.

area, and organizational arrangements that give farmers a voice in project decisions.<sup>1</sup>

There are many ways to do this. Four creative tactics are being used to develop the capability of irrigator associations in the Bicol area of the Philippines. They are: (1) using project-level advisory committees that contain local leaders and farmers; (2) conducting planning workshops and joint programming exercises with both civil servants and farmers participating; (3) installing a field-level management information system with two-way reporting procedures that incorporate farmer communications; and (4) formally involving the irrigator association in periodic performance evaluation of project field staff.<sup>2</sup>

These four decision sharing tactics are neither comprehensive nor mutually exclusive. However, they are all practical and feasible methods that can be used in various combinations in different places at different stages of organizational development. Additionally, all have two advantages: first, they can help to minimize communication gaps that obstruct the implementation process; and second, they can help to assure that a viable beneficiary association will emerge from that process.

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<sup>1</sup> Elliott Morss, John Hatch, Donald Mickelwait and Charles Sweet, *Strategies for Small Farmer Development: An Empirical Study of Rural Development Projects* (Boulder: Westview Press, 1976).

<sup>2</sup> "Beneficiary involvement in project implementation: Experience in The Bicol, *Rural Development Participation Review*, 1979.

## SOLUTION II: THE ORGANIZATION DEVELOPMENT APPROACH

In contrast to the emphasis of the development administration focus on structural relationships and formal procedures the organization development approach emphasizes the processes of change in organizational relationships. In organization development the behavioral sciences are brought to bear on methods of understanding and facilitating change among, within and between people, groups, organizations and institutions. Organization development in this sense seeks to help people in organizational settings learn about their own behavior, both organizational and interpersonal, and from this learning develop more functionally cooperative relationships. Restructuring of organizational relationships may come from this approach, but it would be a result of people's own learning and motivation.

Within organization development, process consultation is defined as

a set of activities on the part of the consultant which help the client to perceive, understand, and act upon process events which occur in the client's environment.<sup>1</sup>

This contrasts process consultation with the "purchase model" of consultation, in which the client buys expert information or services. The key difference is that in the purchase method the

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<sup>1</sup> Edgar H. Schein, *Process Consultation: Its Role in Organization Development*, Reading, Ma.: Addison-Wesley Publishing Co., 1969, p. 9.

consultant performs his service for the client, while in the process method the consultant involves the client in a joint or collaborative diagnosis and resolution of the problem at hand.

Process consultation is considered a major type of organization development intervention. In this sense it is contrasted to alternative interventions such as team-building, education and training, survey-feedback, or third-party peacemaking activities.<sup>1</sup> Others refer to the dichotomy between the purchase model and the process model and suggest that most consulting situations call for some combination of technical advice and process facilitation. In such situations they recommend a "contingency" model of consulting, which combines the two models.<sup>2</sup>

The role of process consultation in organization development must be seen in the broader context of administrative development and IRD project design and implementation. Rural development projects should be developed using an evolutionary method of project design that encourages the collaboration of intended implementers, and the participation of potential beneficiaries, while setting aside resources that can be used to redesign projects during implementation.<sup>3</sup> The method relies on an iterative process of project

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<sup>1</sup> Wendell L. French and Cecil H. Bell, Jr., *Organization Development: Behavioral Science Intervention for Organization Improvement*, Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1973, pp. 102-104.

<sup>2</sup> Newton Margulies and Anthony Raia, *Organization Development: Values, Processes and Technology*, New York: McGraw-Hill, 1972, Chapter 5, "Consulting."

<sup>3</sup> Charles F. Sweet and Peter F. Weisel, "Process Versus Blueprinting Models for Designing Rural Development Projects" in George Honadle and Rudi Klauss, eds., *International Development Administration: Implementation Analysis for Development Projects*, N.Y.: Praeger Publishers, 1979.

development, using cooperative processes of information collection and feedback: Because of its emphasis of flexibility and adaptation, the "process" approach is particularly well suited to projects where success is defined in terms of behavior changes in a target population.<sup>1</sup>

Process consultation aims at helping project management and project participants learn about their own way of doing things. In most organizational contexts this perspective is not readily obvious to members of the organization. People are typically part of organizations because of what they can do or what they know. The process of actualizing the organization's purposes is most often obscured from conscious awareness by a daily bombardment with short-term problems and the requirements of substantive production.<sup>2</sup> Few technically trained people have ever had the opportunity to learn and develop skills of "seeing" their own interpersonal processes and behavior. Yet it is these processes that determine much of the behavior and hence its performance. However, once these processes are made more visible and available to project participants, they are better able to take action to improve the performance of their organization.

A basic tenet of all organization development methodologies is that every organization has some unique characteristics. Indeed the professional consultant is most valued for his or her ability to

<sup>1</sup>

A project can be seen as a sequence of objectives: Applying resources, delivering goods and services, inducing behavior change in a target group, and improving the welfare of beneficiaries. Each objective level can be targeted and measured, but there is uncertainty at each level

<sup>2</sup>

In fact, most managers can give no significant time to any one subject. See Henry Mintzberg, *The Nature of Managerial Work*, New York: Harper & Row, 1973.

develop a personal and collaborative relationship with the people in an organization and to recognize the myriad of variables (contingencies) that might indicate where, how or even whether to intervene.

Organization development interventions are based on real "data" about real organizations operating in real contexts. Culture, values, history, norms, traditions, institutions, are all defined as part of the data to be "collected" before any interventions are considered. Some of this data collection may be implicit and based on general experience in a particular culture. However the organization development methodology does not make any assumptions about how people/organizations will or must behave. Real behavior is the data for review and analysis in every case.

The key point for the behavioral scientist is the understanding that culture is (consciously or unconsciously) learned behavior. Two concepts follow from this: one is that a newcomer can, with some effort, learn the fundamental value systems in a given culture, and understand how to work with them. At the same time, since culture is learned, the underlying basic psychological needs, drives, and expectations of human beings tend to transcend cultural differences and make it possible for the behavioral scientist to tap some common deeper level human concerns that lead to interpersonal behavior patterns. Those patterns are manifested in day-to-day life as part of a person's

cultural experience, but the core factors of need and motivation are similar around the world.

In terms of administrative development, then, the use of the behavioral sciences represents a tremendous untapped resource. Combined with the experience and skills of the development administrative specialist and a knowledge of technical issues, the organization development approach provides an additional dimension of human, cultural, and organizational diagnosis that complements and enhances the effectiveness of the effort. This "synergy" of technical, administrative, organizational and behavioral skills and experience can help IRD projects to significantly improve their chances for success.

### SOLUTION III: A CONTINGENCY APPROACH

Our conceptual framework and technical approach have thus far been characterized in two ways. One emphasizes a structural, design-oriented strategy that we called "development administration." The second emphasizes a process-oriented strategy that we called "organization development." It is our experience that both approaches are essential for dealing with recurrent IRD organization and administration problems and for developing an improved capacity to undertake future efforts. The two strategies,

moreover, are mutually reinforcing, rather than mutually exclusive. When used in tandem they can serve not only to increase the range of practical responses to field problems, but also to suggest ways for minimizing the occurrence of such problems in future projects.

Development administration is targeted on the design and implementation of structures and procedures to facilitate development. Such factors as budgeting, personnel administration, organization design, financial management, reporting systems, decentralization and functional versus spatial orientations are prominent clusters of analysis. However, analyzing these factors presupposes the authority to alter them. Thus development administration studies are aimed at a relatively high-level target audience.<sup>1</sup> These are the people who can affect the procedures and structures through which development plans must be implemented. They make the policies that others must live with.

It is these others, however, who are most often the target audience of organization development specialists. Organization development aims primarily at interpersonal obstacles to implementation, given the constraints imposed by those higher-level policymakers who determine the boundaries of organizational behavior. Thus in one sense the difference between development

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<sup>1</sup>

See for example Naomi Caiden and Aaron Wildavsky, *Planning and Budgeting in Poor Countries*, New York: Wiley-Interscience, 1974.

administration and organization development is one of scale, while in another sense it is one of formality; development administration deals with larger units in a more formalized way, whereas organization development focuses on small units in a more informal way. Nevertheless the two approaches share a common concern that is itself a view of the relationships between them; that concern is for "contingencies."

A contingency approach assumes that "it all depends" and that the most important task is to discover "what it depends on. Thus the idea that there can be a single best budgeting process or personnel classification system or organization design or leadership style is rejected. There is no universal/optimal mechanism to achieve certain results. At the same time, the idea that all situations are totally unique is also rejected. There are discernible patterns of environmental contingencies that influence the relative effectiveness of different interventions. Among these factors, the scale of the problem, the position in the organization of the person defining the problem, and the resources of those who do not see the situation as problematic, are all contingencies. In fact these contingencies help identify the relative desirability of development administration or organization development strategies.<sup>1</sup>

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The discussion draws on George Honadle and Rudi Klauss, "Recipes for More Practical Planning in the Face of Uncertainty," in Honadle and Klauss, *op. cit.*

Administrative reforms often fail for reasons of interpersonal dynamics. Thus the installation, adoption and continuing use of new procedures requires a sensitivity to an organization development process approach. In fact a development administration analysis, followed by an organization development intervention, may be the most effective sequence for implementing some reforms.

On the other hand, before consensus is reached on the need for a reform, it may be unfeasible to attempt to determine the substantive nature of the change. Thus organization development activity may be a prerequisite for development administration efforts. Local factors, then, may partially determine the impact of different sequences.<sup>1</sup>

In summary, then, a twofold development administration/organization development contingency strategy is posited as a necessary combination for improving the organization and implementation of integrated rural development. Moreover, that strategy should be carried out in a way that provides rural villagers with a voice in project decisions. Such an approach will not eliminate all obstacles, but without it there is great doubt that integrated rural development projects will lead either to service integration or to administrative development.

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<sup>1</sup> For more detailed examinations of situational factors affecting reform, see Ralph Kilmann, Louis Pondy and Dennis Slevin, eds., *The Management of Organization Design: Strategies and Implementation*, Vol. I, New York: North-Holland. 1976.

ATTACHMENT 3

"SOWING THE SEEDS OF CO-OPERATION"

# SOWING THE SEEDS OF CO-OPERATION

ATTACHMENT 3



Zambian loan company reaps the benefits of improved working relationships

UNLESS ITS SHAREHOLDERS have bottomless pockets, no loan company is going to stay in business long if it only receives back just over two-thirds of what it lends. Zambia's Agricultural Finance Co. is state-owned, but even the government was not happy when the company only managed to bring in about \$10.5 million of the \$15 million it was supposed to collect in capital repayments and interest during 1975.

Agricultural Finance exists mainly to provide commercial farmers, or small farmers who wish to become commercial growers, with the cash and encouragement they need to become more efficient and productive.

The company's problems lay partly with poor harvests, which reduced farmers' ability to pay, and partly with ignorance among many farming communities as to what taking a loan entailed. Many farmers thought at first that the money they received was a gift. Other farmers compounded the problem by devising wily schemes to avoid repayment deliberately. In addition, the company was aware that poor communications and inefficient procedures within its own operation were partly to blame.

Early this year the loan company decided to launch a programme to update its management methods and improve its communication procedures. To help change entrenched attitudes, the company hired an outside consultant to run a five-day seminar in January. Executives credit the seminar with helping to improve communications between head office and the nine regional centres. In addition, the company has increased the authority of managers down the line. One of the changes made has been to get regional and local managers to set their own targets for collecting loan repayments. As a result of better planning and control and forecasts of a better harvest the company expects to recoup some \$20.6 million this year, while lending \$19.7 million to farmers, according to Eliab Kaluba, chief of administration.

Agricultural Finance makes three types of loans. Short-term loans cover the cost of improved

varieties of seed and fertilizers. Loans of three to five years buy tractors and other agricultural machinery and loans for up to 15 years cover purchases of land and buildings. Rather than give the farmers cash, the finance company usually arranges to pay the supplying organization direct. Interest charges are fairly high, at 8%, and the government expects the company at least to cover its outgoings.

"The company is trying to run along strictly commercial lines," says Hans Noak, the consultant who ran the seminar and who continues to monitor the company's progress, "but for political reasons it has to lend money on less security than ordinary commercial institutions."

The initial aim of the seminar was to break the ice between the 15 or so people at the top of the 400-employee company and to get them working as a team. The nine regional offices were geographically dispersed and most of their contact with head office in Lusaka was by telephone calls or memoranda, says chief accountant Raghava Narayanan, who joined the company in mid-1975. "It was very rare for the regional managers to come to head office. In fact the first seven months I was here I saw hardly any of them. When they did come in, it was only for a one-day briefing. There was no time to get to know them," he explains.

"Many of the regional managers did not understand the company's objectives and problems," he continues. "If the company set budget restrictions, they resented it as petty interference. There were also misunderstandings between department heads at head office, too." Similar problems arose between regional headquarters and the people located in village branch offices, who process the loan applications initially.

Narayanan recalls that Noak, an ex-patriate resident of Zambia since long before the country's independence in 1964, gave almost no lectures. Instead he encouraged the group to find its own solutions to every problem posed. On the first day, everyone split into two groups to discuss the objectives of the company. Unfortunately, one of

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Zambian farmer Jack Harrison (standing erect) has had loans from Agricultural Finance Co. for the past three years. But for the first two he has had trouble raising the repayments, partly through poor harvests and partly because loans did not always arrive on time. "I am less worried about paying this year, because I got the money to invest in improved seed in time," he says.

However, Harrison does have other problems. The state-owned loan company helped him buy a tractor, a truck, sprinkling equipment and a planter. But he does not

have the powered harvesting or threshing machinery he needs to bring in all his crop of maize and sunflower. All this work has to be done by hand. A large portion of the sunflower seeds are being eaten by birds. Agricultural Finance's regional manager Adam Choobe points to other seeds which have already dropped from the dried sunflowers and will never be harvested. Choobe visited Harrison's farm as part of the new policy of getting regional managers to spend more time seeing for themselves the problems of the farmers they lend to.

the groups thought they were supposed to be discussing the aims of the seminar, so the two sets of written objectives did not match. In fact, however, says Noak: "The two sets of objectives complemented each other. One covered the technical goals of the company; the other the environmental and social objectives."

The participants later divided into small groups of two or three. Each person took it in turn to be questioned exhaustively by his partners on what he considered to be the objectives of the management team, and what was hindering the team from reaching them. He also had to consider what the objectives of his own job were, and how he was being prevented from doing his job most effectively. "Some of the questions Noak suggested seemed a bit silly at first," says Narayanan. "For example, 'What makes you happy or unhappy?'" But they prompted us to bring up a lot of things we would not normally have thought of talking about. It brought us closer together because we began to appreciate each other's problems.

"We also spent some time analysing how free we were with other people in the seminar. Using an eleven-point questionnaire, we marked scores on a graph. The graph indicated high and low suspicion. ▶

▶

Most of the managers knew losses were occurring, but did not realize on what scale

## Best Available Document

Head office people proved quite hostile to the field managers and *vice versa*. When we tried the same at the end of the seminar, there was much less suspicion on both sides."

Among his most pressing problems general manager Blackson Phiri listed "pressure from above" and "how to get colleagues to take some of their responsibilities." Most of the regional managers listed lack of staff, difficulties in balancing loans between large and small farmers and poor loan recovery.

Starting with the general manager, each person gave a short speech about his particular problems. Then the group as a whole discussed how they saw the situation. The list of problems became much longer and considerably more precise. Phiri, for example, recognized that it was urgent priority for him to reduce expenditure at head office by holding down the number of staff. He also gave high priority to greater decentralization, because the quantity of decisions that had to be taken at head office was causing serious delays. It was no use, for example, for a farmer to get a loan for seed if the planting season had already come and gone while he waited.

On the third day the participants split into four groups, and each was given the same task of ranking the most important and urgent problems for the company. All four groups put loan recovery as the top priority. Says Noah: "We focused very quickly on the fact that the whole organization was not finance-conscious. The chief accountant showed everyone the figures of how losses were piling up. They had already reached about \$13.5 million. Most of them knew losses were occurring, but did not realize on what scale."

The group then analysed the loan recovery issue, with sobering effect. Says Narayanan: "We ended up with one-and-a-quarter pages of things helping us achieve our goals and three pages of things preventing us from doing so." An action plan was drawn up for each of the main impediments that the team considered to be within its control. Each step of the action plan was assigned to members of the management team. For example, loans officer James Kamana was given responsibility for producing a manual of "dos and don'ts" for field operators. The accountant, managers and field officers of each region were given the joint responsibility of preparing a regular list of good and doubtful payers and chronic defaulters. "This should help staff rationalize their time," says

Kaluba, "by concentrating their efforts on doubtful payers. For example, the staff in Lusaka region cannot possibly chase all the 8,000 farmers with loans in their area." Rather than waste time on chronic defaulters, staff will refuse them further loans. Ultimately, the company has the right to foreclose on defaulters.

The regional managers agreed that they would spend more time on farms, getting to know what problems were coming up. They can now inform head office well in advance if a poor harvest looks like reducing the amount of money farmers in their area will be able to repay. With this information, realistic budgets can be set and the company knows if it will have to approach the government for extra finance.

Improved incentives to loan recovery staff who meet or better their targets were matched by a more participative method of setting the targets. Says farm management officer Jennifer Heney: "All the local field officers were asked to set targets based on how they had done in the previous three years, and on their assessment of the harvest this year."

Narayanan adds: "Most of them had not collated the data on their performance over the previous three years. When they examined the data we fed back to them, most admitted that their performance had been poor. We think the new system will make them more committed to achieving their targets. They cannot say any more that the targets have been imposed on them."

The improved co-operation inside the company has also led to better relations with other state agencies. Several of these agencies supply the farmer with seed, fertilizer or equipment on Agricultural Finance's instructions. The agencies also help the loan company collect debts by deducting repayments from the sum they pay the farmer for his crop. Once the money is in the farmer's hands it is much more difficult to recover.

However, for some time the system had not been working well. The agencies often forgot to make deductions and many farmers by-passed the system by registering the crop in their wives' names or selling to an agency with which the stop order was not registered.

The loan company has begun to tackle this thorny issue by forming a liaison committee with the various marketing agencies. The largest marketing agency, Namboard, suggested various ways to help, including circulating copies of stop orders to all agencies and basing details of both crop sales and

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loans on the farm rather than the farmer. Agricultural Finance has now adapted all its forms to match the data required for Namboard's computer. In return, the loan company promised to reimburse Namboard more promptly when the agency supplied farmers with goods on Agricultural Finance's behalf.

To help put the company on a sound financial footing, the management team also decided to penalize defaulting areas. "Ultimately," says Heney, "the local elected public officials will bring pressure on farmers to pay up. We will inform the officials of how much the farmers in their area have borrowed and how much should be recovered from that area each year. They will know that much less money will be allocated to their area in loans the next year if only, say, 50% of the money is collected."

Other problems between head office and the regions were also tackled during the seminar. To speed up the granting of loans, top management raised the local managers' limit of authority from \$600 to \$7,500.

Another bone of contention was the circulars from head office. Says Narayanan: "People in the field thought they were being flooded with paper, so they just filed it away without taking much notice of it. We agreed to try to restrict the flow of circulars and the field people agreed to read them." Head office, at least, kept its part of the bargain.

One of the immediate effects of the seminar was a much better working relationship. Says Noak: "They had never met in this way before, as equals." Adds Narayanan: "People at head office became friendlier towards each other. We always used to address each other by surname. In most cases, we did not even know people's first names. Now we use first names all the time."

Declares Adam Choobe, regional manager for Lusaka: "We reduced tension between head office and the regions and felt more of a team. We could express our feelings to each other more freely."

Training officer Timothy Liale points out that the seminar gave regional managers some of the personal skills they needed to conduct their own meetings, and particularly to encourage quiet members of staff to speak out. Choobe and most of the other regional managers put those skills into practice in the following months by holding problem-solving seminars of their own at regional level. "My first aim was to get people to participate freely and to reduce the gulf between high level and

low level managers," says Choobe, "so we could work on a basis of equality."

At these seminars, local managers were introduced to the concept of realistic personal targets. "Previously," says Choobe, "no one could get a rise if he did not bring in 50% of the target set by head office. But that target took no account of the potential revenue from that year's crop. So now we assess the current crop and all participate in setting the amount that can be recovered that year."

Adds Liale: "At the seminars for Kabwe and Lusaka regions, the two most successful exercises, it was discovered that staff did not know the objectives of the company, of their own job, or their own job descriptions. We were able to rectify this."

One problem that arose at the regional seminars was the bad feeling between local field officers and loan officers from regional headquarters. Loan officers were sent out to inspect the activities of field people, but were generally lower calibre staff. The problem was solved, says head office credit controller Darton Nyirongo, by giving each very clear job descriptions, that specified the loan officer's job as providing advice and assistance, rather than instructions.

However, the attempt to identify the quality of loan applications is not going as smoothly as hoped. Some field officers still omit to accompany applications with data on farmers' performance over the past two years. So it is difficult or impossible for the regional office to estimate how much of the loan can be recovered this year, or if the money should be lent.

At head office, too, there are signs that not all regions have grasped what they should be doing. Says Heney: "The first batch of applications this year from southern region had a lot of mistakes. We called the staff in to see the difficulties we had going through their documents."

The three regions that do most of the business have taken the lessons of the seminar to heart, however, she maintains. "Previously, when we did not have much money to lend, we sent out circulars telling the regions how to sanction loans. They used to ignore them and just lent money till the funds ran out. Now we have explained our problems to them, they themselves are filtering out a lot of unacceptable loans. It shows that they now understand the over-all problems of the company."

By DAVID CLUTTERBUCK  
Associate Editor

ATTACHMENT 4

HONDURAS TRIP REPORT

HONDURAS TRIP REPORT  
TOM ARMOR AND RICHARD SMITH  
JANUARY 11-17, 1979

Purpose

The IRD team for the Honduras visit consisted of Tom Armor, IRD Project CORE team member, and Richard Smith, DAI Associate Staff. Ron Curtis, of AID/DS/RAD, accompanied the team in his capacity as Project Monitor. The purpose of the visit was two-fold: a) to explain to mission staff the terms and services available under USAID Contract No. DSAN-C-0065, "Administration and Organization of Integrated Rural Development" and b) to explore the possibility of providing consulting services to the Small Farmer Technologies Project through discussions with Government of Honduras (GOH) personnel and the USAID project coordinator.

This work was accomplished through a series of meetings, including initial discussions with Ralph Conley (USAID/Honduras) and subsequent meetings with various GOH personnel associated with the Small Farmer Technologies Project. Richard Smith extended his stay in order to visit the Comayagua project site and hold discussions with project field staff.

Issues

The initial assumption agreed upon by the IRD Project team and GOH personnel was that it was both appropriate and desirable for the IRD Project to become involved with the Small Farmer Technologies Project. The IRD Project team was asked to develop a proposal for a return visit during which time an

IRD team would provide substantive consulting services to the Small Farmer Technologies Project. The issues identified and discussed during the meetings between the IRD Project team and GOH personnel focused on administrative and organizational problems currently facing the Small Farmer Technologies Project. There appear to be four areas where problems are in evidence.

First, the project requires close coordination among the three primary GOH agencies: Ministry of Natural Resources, National Development Bank, and the Agrarian Reform Institute. Additionally, within each agency, the responsibility for carrying out the role assigned to the agency must be shared by several offices. At the national level agreement has been reached on the level of resources to be provided by each agency and the administrative structure to insure close communication among the agencies at the ministerial level. This agreement was recently formalized with a document signed by all concerned ministers. While this agreement will certainly facilitate future cooperation at the national level, it is recognized that coordination at the regional level, the governmental point closest to the target population, will not occur without a concerted effort. To stimulate this needed coordination will require examination of the informal decisionmaking process as well as the traditional formal structure. In this context it was agreed that more effort will have to be given to team-building in the regions.

Second, the three major campesino organizations in Honduras

have played and will continue to play an active role in the implementation of the project. Their influence is expected to be felt in all future projects which attempt to impact on the lives of the rural poor. This is especially true of the small farmers who benefit from the agrarian reform program. It is recognized that the local chapters of the national organizations can facilitate or impede implementation; the choice is largely determined by the degree of participation in decisionmaking as perceived by the local leaders. Properly harnessed, the strength of the peasant groups could be the deciding factor of success or failure--but how to deal with these groups appears to be in doubt.

Third, a complete and continuing examination of the two problem areas described above will require information that is not now collected; or if collected, analysis of the information is not being fed into the decisionmaking process. Any information system must respond to decision needs at several levels. For example, research results on profitability and productivity of suggested technological inputs must be collected, analyzed, edited, and disseminated through the extension service to the farmer. Additionally, the credit requirements must also be calculated and joined with the message that reaches the farmer in order to allow him to weigh the alternatives. Likewise, the credit history of individual farms must be available to regional banking offices so that the merits of each application can be determined. In addition, credit

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allocations to each region by the central office can be made only if information on expected needs is available in Tegucigalpa. There are many other informational needs for decisionmaking, including feedback from farmers on the services provided, assignments of extension personnel, health and sanitation needs, and input availability, to name a few.

Lastly, two issues surfaced related to agricultural credit provided by the loan program. Medium to long term loans for capital improvements or for the establishment of permanent tree crops are not being approved because of the relatively short time--two years--remaining for loan disbursements. The Bank is reluctant to approve medium term loans (and extension personnel uneasy about suggesting permanent tree crops) because of the uncertainty around the availability of funds for development activities beyond the terminal disbursement date of the AID loan. Without firm assurance from AID or other donor agencies that loan funds on essentially the same terms will be available, expansion of the productive capital base on the farms will not happen.

The other credit issue relates to the minimum hectarage requirement for the cooperative fund, the source of AID financing for the asentamientos. At present five hectares per family is the minimum. Many asentamientos that would otherwise qualify, and are considered good risks are now shut out of the cooperative fund. At a minimum, this land requirement should be re-examined.

SV

At the conclusion of the trip, it was agreed that the IRD Project team would submit a proposal for a return visit for the purpose of providing assistance to the Small Farmer Technologies Project under the IRD Contract. It is hoped that such a visit could take place sometime during the early summer of 1979.

A listing of persons contacted by the IRD Project team during the Honduras visit includes:

Ralph Conley	USAID/Honduras, Project Officer
Hugo Irizarry	Technical Director of Farm Planning
Manuel Madarriago	Chief of Planning Section
Hernan Rodriguez	Coordinator of Small Farmer Technologies Project Loan/Grant Program
Carlos Montes	Banco Nacional de Fomento, Servicios a Cooperativas y Organizaciones Afines
Francisco Martinez	National Director of Extension Ministry of Natural Resources
Mario Contreras	Director of Research, Ministry of Natural Resources
Carlos Zelaya	Chief of Sectoral Planning, Ministry of Natural Resources

DEVELOPMENT ALTERNATIVES, INC.

1823 JEFFERSON PLACE, N.W.  
WASHINGTON, D.C. 20036

TELEPHONE:  
202 833-8140

CABLE ADDRESS:  
DEVALT  
TELEX:  
440109 DAI UI

January 2, 1979

TO: Ron Curtis  
FROM: Peter Weisel  
RE: Contract No. DSAN-C-0065

We wish to propose that the following countries be included with the Review of 10 Developing Countries, according to point IIC (p.3, Attachment A), thereby expanding/modifying the list under the heading "Countries/Missions Indicating Integrated Rural Development Projects Are Of High Priority" (Attachment A-1):  
Honduras  
Kenya  
Liberia

Our request is based upon interest in the IRD Project indicated by the USAID missions in these countries, and upon the suitability of the individual mission projects.

Please indicate your approval/disapproval in the area provided below, and we will proceed according to your decision.

<u>Approved</u>	<u>Disapproved</u>	
<u>✓</u>	<u>                    </u>	Honduras
<u>✓</u>	<u>                    </u>	Kenya
<u>✓</u>	<u>                    </u>	Liberia
<u>                    </u>	<u>                    </u>	
<u>                    </u>	<u>                    </u>	
<u>                    </u>	<u>                    </u>	

Comments:

*Revised i [unclear]  
1/5/79*

ATTACHMENT 5

EXPENDITURES AND PERSONNEL EMPLOYED

5

ATTACHMENT 5  
EXPENDITURES AND PERSONNEL EMPLOYED  
DEVELOPMENT ALTERNATIVES, INC.

1823 JEFFERSON PLACE, N.W.  
WASHINGTON, D.C. 20038

November 7, 1978

TELEPHONE:  
202 833-8140

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440109 DAI UI

For the period September 29-October 31, 1978

Contract No. DSAN-C-0065

Submission #

I N V O I C E

Salaries and Wages

P. Weisel	112 hrs @ \$17.40 =	\$ 1,948.80	
G. Honadle	68 hrs @ \$16.20 =	1,101.60	
T. Armor	56 hrs @ \$16.09 =	901.04	
E. Morss	5 hrs @ \$24 01 =	<u>120.05</u>	\$ 4,071.49

Overhead @ 92% 3,745.77

Travel and Transportation

Airfare - Armor	\$ 294.37	
Airfare - Honadle	102.00	
Airfare - Weisel	<u>98.00</u>	494.37

Per Diem

G. Honadle (Washington D.C.) 10/12-13 and 10/17-18		259.60
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Other Direct Costs

J. Waldahl (Typist)	\$ 44.34	
Telephone	7.84	
Petty Cash	11.03	
Xerox	<u>16.00</u>	<u>79.21</u>

Subtotal - - \$ 8,650.44

Fee @ 6.45% 557.95

TOTAL AMOUNT TO BE PAID \$ 9,208.39

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## Reporting Period

Name of Contractor Development Alternatives, Inc.Contract No. DSAN-C-0065Contractor's Project Officer Ronald CurtisPhone No. 235-8918Submission # 1

Category	Amount	Total Expenditures		Cumulative Expenditures	Remaining Amount
		Inception to Last Reported Period	This Period		
Salaries	586,922	---	\$ 4,071.49	\$ 4,071.49	\$ 582,850.51
Overhead	539,968	---	3,745.77	3,745.77	536,222.23
Consultant Fees	94,374	---	---	---	94,374.00
Travel & Transportation	225,605	---	494.37	494.37	225,110.63
Per Diem	190,546	---	259.60	259.60	190,286.40
DBA Insurance	29,305	---	---	---	29,305.00
Other Direct Costs	40,392	---	79.21	79.21	40,312.79
Subcontractor	397,389	---	---	---	397,389.00
Subtotal	\$ 2,104,501	---	\$ 8,650.44	\$ 8,650.44	\$ 2,095,850.56
Fee @ 6.45 %	135,819	---	557.95	557.95	135,261.05
TOTAL	\$ 2,240,320	---	\$ 9,208.39	\$ 9,208.39	\$ 2,231,111.61

The undersigned here certifies: (1) that payment of the sum claimed under the cited contract is proper and due and the appropriate refund to A.I.D. will be made promptly upon request of A.I.D. in the event of non-performance, in whole or in part, under the contract of for any breach of the terms of the contract, and (2) that information of the fiscal report is correct and such detailed supporting information as A.I.D. may require will be furnished at the contractor's home office base office as appropriate promptly to A.I.D. on request, and (3) that all requirements called for by the contract to date of this certificate have been met.

I hereby certify that amounts invoiced herein do not exceed the lower of (1) the contract price or (2) maximum levels established in accordance with Executive Order 11627, dated October 15, 1971.

By Virginia J. Anderson  
 Title Office Manager Date 11/8/78

# DEVELOPMENT ALTERNATIVES, INC.

1823 JEFFERSON PLACE, N.W.  
WASHINGTON, D.C. 20036

December 6, 1978

TELEPHONE:  
202 833-8140

CABLE ADDRESS:  
DEVALT  
TELEX:  
440109 DAI UI

For the period November 1-30, 1978  
Contract No. DSAN-C-0065

Submission # 2

## I N V O I C E

### Salaries and Wages

P. Weisel	134 hrs @ \$17.40 =	\$ 2,331.60	
G. Honadle	152 hrs @ \$16.20 =	2,462.40	
T. Armor	55 hrs @ \$16.09 =	884.95	
E. Morss	9 hrs @ \$24.01 =	216.09	
E. Bardeen	148 hrs @ \$ 7.51 =	<u>1,111.48</u>	\$ 7,006.52

<u>Overhead @ 92%</u>			6,446.00
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### Travel and Transportation

Armor-airfare (D.C. to Honolulu)		\$ 309.37	
Armor-airfare (Honolulu-D.C. & return)		<u>380.62</u>	
Honadle-airfare (Syracuse-D.C. & return)		<u>102.00</u>	791.99

### Per Diem

Weisel (N.Y.) 11/6-8		\$ 119.00	
Armor (D.C.) 10/17-11/5		802.89	
Honadle (D.C.) 10/31-11/1		<u>92.89</u>	1,014.78

### Other Direct Costs

Typist		\$ 81.29	
Petty cash		44.78	
Telephone		154.46	
Xerox		154.10	
Telex		31.00	
Translation		126.50	
Postage		.43	
Postage		31.50	
Publication		<u>4.00</u>	<u>628.06</u>

<u>Subtotal Invoice</u>			\$ 15,887.35
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<u>Fee @ 6.45%</u>			<u>1,024.73</u>
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TOTAL AMOUNT TO BE PAID			\$ 16,912.08
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November 1-30, 1978

Reporting Period

Name of Contractor Development Alternatives, Inc. Contract No. DSAN-C-0065  
 Contractor's Project Officer Ronald Curtis Phone No. 235-8918

Submission # 2

Category	Amount	Total Expenditures		Cumulative Expenditures	Remaining Amount
		Inception to Last Reported Period	This Period		
Salaries	\$ 586,922	\$ 4,071.49	\$ 7,006.52	\$ 11,078.01	\$ 575,843.99
Overhead	539,968	3,745.77	6,446.00	10,191.77	529,776.23
Consultant Fees	94,374	---	---	---	94,374.00
Travel & Transportation	225,605	494.37	791.99	1,286.36	224,318.64
Per Diem	190,546	259.60	1,014.78	1,274.38	189,271.62
DBA Insurance	29,305	---	---	---	29,305.00
Other Direct Costs	40,392	79.21	628.06	707.27	39,684.73
Subcontractor	397,389	---	---	---	397,389.00
Subtotal	\$ 2,104,501	\$ 8,650.44	\$ 15,887.35	\$ 24,537.79	\$ 2,079,963.21
Fee @ 6.45 %	135,819	557.95	1,024.73	1,582.68	134,236.32
TOTAL	\$ 2,240,320	\$ 9,208.39	\$ 16,912.08	\$ 26,120.47	\$ 2,214,199.53

The undersigned here certifies: (1) that payment of the sum claimed under the cited contract is proper and due and the appropriate refund to A.I.D. will be made promptly upon request of A.I.D. in the event of non-performance, in whole or in part, under the contract of for any breach of the terms of the contract, and (2) that information of the fiscal report is correct and such detailed supporting information as A.I.D. may require will be furnished at the contractor's home office or base office as appropriate promptly to A.I.D. on request, and (3) that all requirements called for by the contract to date of this certificate have been met.

I hereby certify that amounts invoiced herein do not exceed the lower of (1) the contract price or (2) maximum levels established in accordance with Executive Order 11627, dated October 15, 1971.

By Virginia S. AndersonTitle Office ManagerDate 12/6/78

# DEVELOPMENT ALTERNATIVES, INC.

1823 JEFFERSON PLACE, N.W.  
WASHINGTON, D.C. 20036

January 8, 1979

TELEPHONE:  
202 833-8140

CABLE ADDRESS:  
DEVALT  
TELEX:  
440109 DAI UI

For the period December 1-31, 1978  
Contract No. DSAN-C-0065

Submission #3

## I N V O I C E

Salaries and Wages

P. Weisel 64 hrs @ \$17.40 =	\$ 1,113.60	
G. Honadle 157 hrs @ \$16.20 =	2,543.40	
T. Armor 81 hrs @ \$16.09 =	1,303.29	
J. Carney 30 hrs @ \$20.39 =	611.70	
E. Bardeen 169 hrs @ \$ 7.51 =	<u>1,269.19</u>	\$ 6,841.18

6,293.89

Overhead @ 92%

Travel and Transportation

Airfare-Armor (Honolulu-D.C. & return)	\$ 309.98	
Airfare-Honadle (Syracuse-D.C. & return)		
11/4-6	102.00	
12/4-5	102.00	
12/14	<u>102.00</u>	615.98

Per Diem

G. Honadle (D.C.)	\$ 205.80	
11/4-6 and 12/4-5		
T. Armor (D.C.)	<u>777.75</u>	983.55
11/22-12/9		

Other Direct Costs

Postage	\$ 6.97	
Petty Cash	44.97	
Telephone	86.06	
Xerox	78.35	
Typist (Woldahl)	<u>14.78</u>	231.13

Subtotal Invoice

\$ 14,965.73

Fee @ 6.45

965.29

TOTAL

\$ 15,931.02

60

December 1-31, 1978

Reporting Period

Name of Contractor Development Alternatives, Inc. Contract No. DSAN-C-0065  
 Contractor's Project Officer Ronald Curtis Phone No. 235-8918

Submission # 3

Category	Amount	Total Expenditures		Cumulative Expenditures	Remaining Amount
		Inception to Last Reported Period	This Period		
Salaries	\$ 586,922	\$ 11,078.01	\$ 6,841.18	\$ 17,919.19	\$ 569,002.81
Overhead	539,968	10,191.77	6,293.89	16,485.66	523,482.34
Consultant Fees	94,374	---	---	---	94,374.00
Travel & Transportation	225,605	1,286.36	615.98	1,902.34	223,702.66
Per Diem	190,546	1,274.38	983.55	2,257.93	188,288.07
DBA Insurance	29,305	---	---	---	29,305.00
Other Direct Costs	40,392	707.27	231.13	938.40	39,453.60
Subcontractor	397,389	---	---	---	397,389.00
Subtotal	\$ 2,104,501	\$ 24,537.79	\$ 14,965.73	\$ 39,503.52	\$ 2,064,997.48
Fee @ 6.45 %	135,819	1,582.68	965.29	2,547.97	133,271.03
TOTAL	\$ 2,240,320	\$ 26,120.47	\$ 15,931.02	\$ 42,051.49	\$ 2,198,268.51

The undersigned here certifies: (1) that payment of the sum claimed under the cited contract is proper and due and the appropriate refund to A.I.D. will be made promptly upon request of A.I.D. in the event of non-performance, in whole or in part, under the contract of for any breach of the terms of the contract, and (2) that information of the fiscal report is correct and such detailed supporting information as A.I.D may require will be furnished at the contractor's home office or base office as appropriate promptly to A.I.D. on request, and (3) that all requirements called for by the contract to date of this certificate have been met.

I hereby certify that amounts invoiced herein do not exceed the lower of (1) the contract price or (2) maximum levels established in accordance with Executive Order 11627, dated October 15, 1971.

By Virginia L. Anderson  
 Title Office Manager Date 1/8/79