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REACHING THE POOR
THROUGH DEVELOPMENT
ASSISTANCE:
AN OVERVIEW OF STRATEGIES
AND TECHNIQUES

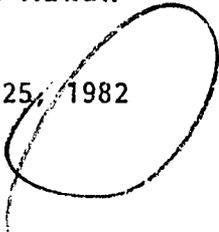
By

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FOREWORD AND ACKNOWLEDGEMENTS

This paper is a summary of a longer report, "Managing Benefits to the Poor: Approaches, Experience, and Strategies for Improvement," done under contract to the Agency for International Development (AID) by M. Ingle, D. Rondinelli, and T. Riley in 1981.

From its inception in the early 1970s, the Office of Rural Development and Development Administration in AID's Science and Technology Bureau has been concerned with issues of benefit distribution and project management. Dr. John Harbeson of that office originated the idea of reviewing AID's experience to determine whether a centrally funded technical assistance effort should be initiated in this important, but relatively neglected area. In the formative stages of this study, Dr. Norman Nicholson and Dr. Kenneth Kornher both assisted with determining the direction and scope of the research. In preparing the overview, Mr. Lawrence Cooley of Management Systems International (MSI) provided valuable suggestions and assistance.

Marcus D. Ingle, Ph.D., from the Maxwell School of Syracuse University has been on the staff of DPMC since October 1981. The DPMC was initially created in USDA by the Office of Rural Development and Development Administration in AID. The primary objective of DPMC is to expand the appropriate use of performance-based and results-oriented management concepts, processes and techniques in the implementation of development efforts.

Remarks herein are the responsibility of the author alone and do not necessarily represent the views of the U.S. Department of Agriculture.

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REACHING THE POOR THROUGH DEVELOPMENT ASSISTANCE:
AN OVERVIEW OF STRATEGIES AND TECHNIQUES

by

Marcus D. Ingle

A. INTRODUCTION

In the Foreign Assistance Act of 1973, Congress declared that the conditions under which American foreign aid had been provided in the past had changed, and that policy would have to change in the future to reflect the "new realities." Although American aid had generally been successful in stimulating economic growth and industrial output in many countries, the House Committee on Foreign Affairs lamented that the gains "have not been adequately or equitably distributed to the poor majority in those countries," and that massive social and economic problems prevented the large majority of people from breaking out of the "vicious circle of poverty which plagues most developing countries."

The Act asserted that henceforth American aid would depend less on large-scale capital transfers for physical infrastructure and industrial expansion, as it had in the reconstruction of Europe through the Marshall Plan, and more on transferring technical expertise, modest financial assistance and agricultural and industrial goods to meet "critical development problems." Aid would be focused on crucial problems in those functional sectors that affect the lives of the majority of people in the developing countries. Food production, rural development, nutrition, population planning, health, education, public administration and human resource development were designated as high priority sectors. For the first time, this new mandate clearly identified a primary beneficiary by declaring it the purpose of American foreign assistance to alleviate the problems of the "poor majority" in developing countries.

Implicit in the Act was a recognition that prior development efforts had been relatively ineffective in reaching the masses of poor people in developing countries. Also implicit was the notion that a widening gap between the rich and the poor within developing countries was likely to have very damaging economic, political, and human consequences in the long run. As a consequence, the Act mandated that primary attention be given to the effects--both direct and indirect--of development efforts on the relative, as well as the absolute, well-being of the poor.

From the Act's inception, there have been varying views about the nature of the trade-offs which exist between "growth" and "equity," and about the relative emphasis to be given to each. At its core, the argument is an old and familiar one--namely, a philosophical and political controversy

over the relative merits of absolute versus relative notions of poverty. However, there are also important policy dimensions to the controversy. Can greater growth be experienced by making equity considerations less prominent? Will the gains to the poor be greater (in absolute terms) in these programs than in programs aimed directly at the poor? Can the growth obtained through these programs be sustained?

Most would agree that the Act mandates, as a minimum, that U.S. development efforts meet two simultaneous requirements. First, these efforts must be demonstrated to have important and positive effects on the well-being of the poor. These effects should include the indirect as well as the direct consequences of development assistance. And secondly, the relative position of the poor vis-a-vis the wealthy within any given country should be maintained or improved as a consequence of the development assistance. In this view, absolute welfare and income increases to the poor are an explicit objective of development assistance and equity considerations within countries are a constraint which must not be violated in achieving this objective.

Strong proponents of an equity objective frequently interpret the Act to support a primary emphasis on equity and distribution considerations. Similarly, strong proponents of the growth objective frequently argue that the absolute position of the poor can best be advanced by overlooking their relative position. Both of these positions require that the effects of aid on the poor be assessed as a criterion for project selection and evaluation. In addition, however, the equity-as-constraint and equity-as-objective position require that special design, selection and management factors be devised to increase the relative effects of development efforts on the poor.

A focus on the poor--and on poverty--has at least two management dimensions. First, some means must be established for identifying the poor, for estimating the likely effects of particular interventions on their welfare and for assessing the impact of these efforts on the proposed beneficiaries. This requirement is essentially definitional, methodological and informational. In addition, however, a focus on benefits to the poor requires the development of specific guidelines for project design, implementation, and benefit continuation. These requirements are essentially organizational and operational. The combination of these managerial factors--definitional, methodological, informational, organizational and operational--is the major subject of the paper. In brief, the paper overviews the managerial ways by which projects can increase their focus on, and channel benefits to, constituent groups of the poor.

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issue

The paper should be viewed as an initial and exploratory effort that focuses on the following broad questions:

- What is the scope and range of "constituent" or "target" groups in ongoing and planned AID projects that attempt to channel development benefits to special publics?

- What are the different conceptual strategies and approaches employed by program and project administrative units to interact with specific constituent groups?
- What are the major management factors (organizational, procedural, methodological, environmental) that rural development practitioners and researchers attribute to the success and failure of programs and projects with equity objectives?
- What combination of factors seems to improve the performance of poverty-reduction projects and under what conditions do these combinations of factors seem to be more or less effective?
- What are the implications of these findings for AID policy, programming and technical assistance in relation to the New Directions mandate?

The report draws heavily on assistance agency policy statements, current development literature, and various program/project documents.

B. TARGETTING APPROACHES IN DEVELOPMENT POLICY

Although American foreign aid policies and those of other international assistance organizations have always been concerned to some degree with alleviating poverty in developing nations, only during the past decade were the missions of aid organizations reoriented toward channeling assistance to specific groups of the poor. The lessons of experience so persistently sought in evaluations of aid strategies have shown more clearly in recent years that technical and financial assistance must be more precisely targetted if the goals of economic growth with social equity are to be achieved with dwindling resources. The concept of "targetting" has been evolving slowly over the past quarter of a century as different development policies and aid strategies have been tested and modified.

Despite the criticism that international aid agencies often follow "fads" in development theory and pursue inconsistent objectives, even a cursory review of the evolution of development policies since the early 1950s leads to an inexorable conclusion: that they have moved slowly but consistently toward a more focused and definitive approach to bring about economic growth and social change in developing nations. Whether attributed in language of the social sciences to "paradigm shifts," or processes of "social learning," or simply to a greater infusion of "reality" or "common sense" into policymaking, fundamental changes have occurred in development policies and aid strategies that have focused financial and technical assistance more specifically on critical problems an particular groups of the population in developing nations. These shifts were neither major discontinuities nor a succession of development fads. Nor are the current

growth-with-equity policies, as some have claimed, a total rejection of past policies aimed at achieving growth in developing economies in favor of a "no growth" social welfare approach.

Instead, fundamental changes in the goals and priorities of aid agencies over the past three decades might better be explained as the result of a long and complex process of social learning in which succeeding policy experiments were tested and in which the lessons learned through trial-and-error have been incorporated in development policies and aid strategies over time. This slow and sometimes indirect progression of social learning has led to current attempts to "fine tune" and channel aid more precisely. These processes of trial-and-error, social learning and successive adjustment are now becoming recognized as an inextricable part of planning and policymaking to overcome complex social problems.

The evolution of "targetting" in aid strategies can be seen in three major periods in the history of developing policy since the late 1940s. The industrial development policies of the 1950s and early 1960s sought maximum growth in the economies of developing nations and assumed that "trickle-down" and spread effects would incorporate the majority of the poor into productive economic activities. The policies sought rapid and high rates of growth in national output with little concern for distributive effects, and thus used largely non-targetted aid strategies.

Development policies of the 1960s sought to overcome obstacles and eliminate the bottlenecks to economic growth through social change by redistributing productive assets, developing human resources, controlling population growth, and increasing productive capacity in lagging sectors of the economy. Sectoral development programs were aimed at affecting large numbers of people whose social or economic characteristics were considered to be obstacles to development. These policies used semi-targetted aid: technical and financial assistance were more focused and concentrated on specific development problems and on groups of people with characteristics thought to be adverse to economic growth.

The policies of the 1970s sought economic growth with social equity and were concerned as much with the distribution of benefits as with the rate and pace of economic output. They sought to channel aid to the poor majority, channel resources to subsistence populations in rural areas, provide for basic human needs in the poorest countries, and improve the incomes and living standards of "special publics" among the poor majority. These objectives were to be pursued through a targetted aid strategy. Exhibit 1 on the following page outlines in detail the distinguishing characteristics of these three stages in development policies and aid strategies.

EXHIBIT 1: COMPARATIVE OVERVIEW OF MAJOR DEVELOPMENT POLICIES & AID STRATEGIES

CHARACTERISTICS	DEVELOPMENT POLICIES		
	Growth Maximization with Trickle-Down of Benefits	Sectoral Development Growth Policies	Economic Growth with Social Equity Policies
A. AID STRATEGY WITH REGARD TO THE POOR	Untargetted	Semi-targetted	Targetted
B. POLICY OBJECTIVES			
1. Overall goals	<ul style="list-style-type: none"> Promote high and sustained rate of economic growth through capital-intensive industrialization. 	<ul style="list-style-type: none"> Promote high and sustained rate of economic growth by overcoming bottlenecks and obstacles to development in key sectors 	<ul style="list-style-type: none"> Achieve rates of economic growth consistent with widespread participation in economic activities and equitable distribution of benefits
2. Specific goals	<ul style="list-style-type: none"> Increase GNP and create surplus in balance of international payments Increase real per capita incomes and demand for consumption and capital goods Stimulate savings, capital formation and investment in export production and import substitution industries. 	<ul style="list-style-type: none"> Increase productivity in key sectors--agriculture commercial services, etc. Increase real per capita income and internal demand for domestically produced goods and services Increase levels of health, education, nutrition Lower population growth rates 	<ul style="list-style-type: none"> Increase productivity and income of those living in absolute or relative poverty Reduce disparities in income and wealth Redistribute income and wealth Satisfy basic human needs Assure full employment Promote economic self-reliance
3 Types of Benefits	<ul style="list-style-type: none"> Economic, national output, highly aggregated 	<ul style="list-style-type: none"> Economic and social; sectoral output; moderately disaggregated 	<ul style="list-style-type: none"> Economic and social; productivity and income; disaggregate to household level
C. INTENDED BENEFICIARIES			
1. Coverage	<ul style="list-style-type: none"> Society as a whole; capital investors and workers most directly 	<ul style="list-style-type: none"> Occupational groups within key sectors and capital investors and workers in related sectors 	<ul style="list-style-type: none"> Groups and individuals considered relatively or absolutely poor
2. Sequence of Benefit Distribution	<ul style="list-style-type: none"> Capital investors and employees of industrial sectors--benefits "trickle down" to agricultural workers, tertiary industry workers, public sector and others 	<ul style="list-style-type: none"> Capital investors and workers in key industries; benefits will spread to other sectors as national economy grows 	<ul style="list-style-type: none"> Relative and absolute poor, with aggregation of benefits to these groups contributing to national development

EXHIBIT 1 continued

CHARACTERISTICS	DEVELOPMENT POLICIES		
	Growth Maximization with Trickle-Down of Benefits	Sectoral Development Growth Policies	Growth-with Equity Policies
D. NATURE OF THE INTERVENTION			
1. Characteristics	<ul style="list-style-type: none"> ● Poverty group neither identified nor singled out for specific attention during the course of implementation. 	<ul style="list-style-type: none"> ● Poverty group identified but not singled out for attention during implementation 	<ul style="list-style-type: none"> ● Poverty groups identified with a broad range of characteristics, e.g., health, education, income, race, religion, sex etc. ● Specific characteristics of the poverty groups targeted for improvement, i.e., level of income, level of malnutrition, etc. singled out during implementation
2. Policy Rationale	<ul style="list-style-type: none"> ● Since market mechanisms are at work in the economy which automatically distribute benefits in an equitable manner, then only minimal intervention in the market process is required 	<ul style="list-style-type: none"> ● Since market mechanisms are not working properly, then sectoral interventions are required to correct the imbalances in the market system 	<ul style="list-style-type: none"> ● Since large segments of the poor are excluded from the development process even when market mechanisms are functioning properly, then other non-market interventions must be supported.
3. Methods of Policy Intervention	<ul style="list-style-type: none"> ● Heavy reliance on private sector organizations and market mechanisms, with government providing policy incentives, social overhead investments, and proper "environment" for entrepreneurship and capital formation 	<ul style="list-style-type: none"> ● Heavy public sector investment in social overhead and directly productive activities in key sectors ● Creation of conditions conducive to private investment in key sectors ● Active government role in providing social services needed to overcome bottlenecks to development 	<ul style="list-style-type: none"> ● Public policies, programs and projects tailored to needs of the poor ● Reliance on broad range of institutions including government bureaucracies, voluntary organizations, private enterprise, local authorities, and special interest groups to deliver services and organize the participation of the poor
4. Distribution Mechanisms	<ul style="list-style-type: none"> ● Market mechanisms will operate automatically to generate growth and distribute benefits through "trickle down" processes 	<ul style="list-style-type: none"> ● Primarily market mechanisms with government intervention to ensure wider distribution and stimulate growth in lagging sectors and regions. 	<ul style="list-style-type: none"> ● Strong government intervention through programs and projects tailored to the conditions and needs of constituent groups of the poor
E. PRIMARY INDICATORS OF DEVELOPMENT	<ul style="list-style-type: none"> ● Level of GNP ● Increase in Per capita GNP ● Employment in Industry ● Rate of Capital Formation ● Rate of Gross Domestic Investment ● Rate of Internal Savings ● Productivity of Labor ● Levels of Consumption 	<ul style="list-style-type: none"> ● Level of Per Capita GNP ● Contribution of Primary, secondary, and Tertiary Sectors to GDP ● Rate of Growth in Output of Key Sectors ● Percentage of Labor Force Employed ● Structure of Land Distribution ● Other Economic Growth Indicators ● Population Growth Rates 	<ul style="list-style-type: none"> ● Structure of Income and Wealth Distribution ● Life Expectancy ● Death, Birth, and Morbidity Rates ● Literacy Rates and School Enrollments ● Nutritional Levels ● Ratios of Health Facilities to Population ● Condition of Housing Stock

C. THE "GROWTH-WITH-EQUITY" OR "TARGETTED" POLICY EXECUTION PROCESS

The comparative overview of major development policies and strategies, as presented in Exhibit 1, indicate that several generic management characteristics clearly differentiate "targetted" from "non-targetted" policy execution strategies. The generic management characteristics of targetted development policies identified as salient in the literature include:

- Clearly stated poverty reduction objectives;
- Identification of groups and subgroups constituting the poor;
- Identification of causes of poverty for groups and subgroups;
- Specification of types of benefits that are to accrue to groups and subgroups;
- Specification of the necessary set of distribution mechanisms for assuring that benefits accrue to intended groups;
- Specification of the types of institutional arrangements necessary to operate distribution mechanisms; and
- Specification of a feedback and assessment system oriented to poverty reduction objectives.

These characteristics are both inherent in and descriptive of growth-with-equity or targetted policies.

For our purposes, the general characteristics stated above are too highly aggregated to be of immediate use. Thus, it is necessary to better understand how each characteristic manifests itself at different stages of the policy execution process. This is accomplished by viewing the policy execution process as a series of four dynamic and cyclical phases.

These phases, which form the basis for the review of the Agency for International Development's targetting experience presented below, include: strategy formulation, project design, project implementation, and benefit continuation.

Exhibit 2 represents an initial attempt, based on the literature review and professional experience, to identify specific management factors associated with the successful implementation of targetted efforts at each of the four policy execution phases. At each phase, the model as presented assumes the successful completion of prior phases. Within

**EXHIBIT 2: MANAGEMENT CHARACTERISTICS REQUIRED IN CONSECUTIVE PHASES OF
SUCCESSFUL GROWTH WITH EQUITY POLICY EXECUTION PROCESS**

GENERAL CHARACTERISTICS	MANAGEMENT CHARACTERISTICS AT EACH POLICY EXECUTION PHASE			
	STRATEGY FORMULATION	PROJECT DESIGN	PROJECT IMPLEMENTATION	BENEFIT CONTINUATION
1. Clearly stated poverty reduction objectives.	Overall poverty reduction objectives should be established & clearly stated by major development participants.	Specific poverty reduction objectives should be clearly stated & agreed upon by major project participants.		
2. Identification of groups & sub-groups constituting the poor.	Various groups constituting the poor should be identified.	Sub-groups constituting the poor in the project area should be identified & described.		
3. Identification of causes of poverty for groups & sub-groups.	Causes of poverty for each group should be identified.	For each project-specific group & sub-group constituting the poor, the causes of poverty should be described & analysed.		
4. Specification of which types of benefits are to accrue to which groups & sub-groups.	Intervention strategies should identify which groups are to benefit.	The proportion & sequencing of benefits which are expected to accrue to intended beneficiaries should be clearly stated.	Project implementors should agree on who intended beneficiaries are, where they are located, & what benefits are supposed to accrue to them overtime.	
5. Specifications of the necessary set of distribution mechanisms for assuring that benefits accrue to intended groups.	The strategy should indicate the general types of distribution mechanisms that are available & will be given priority.	The project intervention should specify the necessary set of distribution mechanisms for assuring that project benefits accrue to intended groups.	For each unique beneficiary group or sub-group, project interventions should include the necessary set of distribution mechanisms to assure that project benefits reach the poor.	For each beneficiary group, the necessary distribution mechanisms should be used to continue the flow of benefits.
6. Specification of the types of institutional arrangements to operate distribution mechanisms.	The strategy should describe suitable institutional arrangements for implementing the poverty reduction policy.	The project design should specify the institutional arrangements to be used in operating distribution mechanisms.	Institutional arrangements for properly operating distribution mechanisms.	Institutional arrangements to operate distribution mechanisms should function properly.
7. Specification of a feedback & assessment system oriented to poverty reduction objectives.		The project intervention should provide for a feedback & evaluation system to monitor the achievement of poverty reduction objectives.	A feedback & evaluation system should be in use to assess achievement of poverty reduction objectives & to allow adaptation of the project to changing conditions.	A feedback & evaluation system should be in place to allow institutional actors to adapt resource inputs to the achievement of long-term poverty reduction objectives.

each phase, we assume that the factors are performed in order, but that a cyclical process of successive iterations will be evident throughout.

D. RESEARCH DESIGN

The aim of this review was quite ambitious. Unfortunately, resource constraints required us to adopt and pursue a considerably more modest research design and methodology. What we were able to realistically accomplish was to inventory a selective list of AID strategy and project documents and draw some tentative conclusions about AID's targetting experience based on them.

The information available to the study team included: USAID Country Development Strategy Statements (CDSSs) were analyzed to inventory targetting experience at the strategy formulation stage; Project Papers (PPs) were reviewed to inventory project design practice; and Project Impact Evaluations were reviewed to reflect AID's experience with implementation and benefit continuation. A combined total of forty-one documents were reviewed to inventory the approaches AID is using in managing and channeling benefits to the poor. This includes sixteen FY 81 CDSSs and sixteen PPs. CDSSs and PPs were selected for the same countries to permit comparative analysis of how targetted strategies identified in CDSSs are reflected project designs. The sixteen CDSS countries include six in the Africa Region, four in Latin America, three in Asia and three in the Near East. Countries were chosen with the intent of optimizing diversity regarding the level of income and nature of the economy. In addition, nine Project Impact Evaluations--all those AID had completed at the time our analysis was underway--were reviewed.

Two types of analyses were used in the study. The first is a descriptive inventory and analysis of AID's experience with channeling benefits to constituent groups of the poor as reflected in a document review. The second is a comparative "gaps analysis" of ideal and actual management characteristics at each phase of the policy execution process.

Due to the limited information and our analysis methodology, caution is warranted in interpreting the study results. Those familiar with the AID system realize that our sources of information serve purposes other than those for which we have used them. Thus, it is likely that some important features of AID's targetting experience are not reflected in any of the documents. Likewise, the sets of documents we used were neither randomly chosen or large enough to support statistically significant or generalizable conclusions. In reflecting on the study results, the bounded purpose of the study should be kept in mind--to provide an initial empirical inventory of existing targetting experience in AID and to draw some preliminary conclusions about potential areas for improvement.

E. STUDY FINDINGS AND IMPLICATIONS

This part of the paper summarizes the study's conclusions and presents some key opportunities for improving the execution of policies aimed at reaching the poor.

FINDING 1:

Governments and international assistance agencies are currently pursuing a variety of development policies and approaches. These policies differ in the degree to which they "target" poor groups as intended beneficiaries of development expenditures, and actively pursue approaches to channel development benefits to the poor. During the 1970s, "targetted" poverty reduction policies became widely accepted within international assistance agencies.

Although there has been a perceptible evolution in thinking about development strategies, all three of the major theories of development--growth maximization, sectoral development and growth-with-equity--still have currency in some countries and among some development policymakers. It is less accurate to describe each approach as a successor to previous ones than to view them as experiments that are being tried simultaneously. Development policies and aid strategies in different countries can be categorized as following one or the other of these three broad approaches, with widely varying combinations of strategies being used at the same time. Even within international assistance agencies such as AID, where growth-with-equity policies are predominant, individual Missions have developed assistance strategies that are more sectoral or growth-inducing than distributional.

Since several development approaches are being proposed and actively pursued by developing nations and assistance agencies, it would be extremely useful to have a better understanding of the characteristics of each strategy. In addition, additional information is required on the:

- Circumstances under which the "trickle-down" or "sectoral strategy" may actually serve the poor;
- Circumstances under which a "growth-with-equity" policy and targetted aid strategy may represent the only or best way to reach the poor; and
- Circumstances under which a targetted aid strategy may not be feasible, or where expected benefits are unlikely to justify the management and information costs.

FINDING 2:

Successful growth-with-equity or targetted development strategies, e.g., those which specify and assure that benefits accrue to constituent groups of the poor, are characterized by a unique set of management functions. The most obvious of these include clear poverty-reduction objectives combined with operational distribution mechanisms.

Based on the literature review, targetted development strategies were postulated as having several generic management characteristics as follows:

- Clearly stated poverty reduction objectives;
- Clearly identified groups and subgroups constituting the poor;
- Clearly identified causes of poverty for groups and subgroups;
- Clearly specified sets of distribution mechanisms for assuring that benefits accrue to intended groups;
- Clearly specified institutional arrangements to operate distribution mechanisms; and
- A clearly specified feedback and assessment system oriented to poverty reduction objectives.

The study's analysis of AID's experience with several targetted projects indicates that these management characteristics are in fact evident in successful, and absent in unsuccessful, projects. Governments and international assistance agencies should take steps to assure that the management characteristics of targetted development strategies are understood and fully incorporated into policy execution.

FINDING 3:

For AID, there are major deficiencies in every phase of growth-with-equity policy execution. These deficiencies are most severe during project implementation, but also serious in project design, benefit continuation and strategy formulation.

Based on this study's analysis of AID experience, there is a substantial gap between the Agency's CDSS "Growth-with-Equity" rhetoric and its practice in designing and implementing projects. Some projects are excellent and appear to contain all desirable characteristics at every execution phase. But quality is uneven, and in many cases designs are totally inadequate.

The findings suggest that the issue of taking an active approach to channeling benefits to poor groups is curiously understated, and the related concern of dealing with constraints that impede utilization of targetting approaches is rarely mentioned. Implicitly, the model generally used by AID appears to be laissez faire or trickle-down--if inputs are made "available," then processes of supply and demand will operate in such a manner that those who need to avail themselves of those resources can and will do so. It follows from this general principle that such "details" as whether the approach is to be participatory or nonparticipatory, decentralized or centralized, individual or group focused, multi- or single-sectoral, mandatory or optional, intensively managed or more laissez faire, are not adequately considered. For the most part, the state of practice seriously lags behind the state of the art.

The broadest lesson to be drawn from the study is that program implementation is not yet a central feature of AID's agenda. CDSSs, PPs, and impact studies are concerned primarily with resource inputs and finances. There is scant discussion of what occurs between inputs and results. Implementation resembles the "black box" known so well to psychologists. The issue of how mutual objectives are defined and translated into processes of successful implementation remains unexplored. Part of the problem is that development administration in AID and elsewhere is a generation out of date. As practiced in AID, it is concerned with training, consulting and administrative processes rather than with the practice of results-oriented management. Our sense is that the substance of development administration is still organized too deductively, proceeding from premises of doubtful realism or validity. A more balanced approach, one that emphasizes both deductive and inductive analysis and incorporates emerging lessons of experience, should be more useful.

It is from this vantage point that we have attempted to isolate effective management functions and use them to assess the current deficiencies in AID's experience with policy execution. A summary list of the major management deficiencies is presented in Exhibit 3.

FINDING 4:

Several important opportunities currently exist within AID for improving the management of targetted assistance programs.

Each of the deficiencies summarized above in Exhibit 3 represents a potential area of improvement. In this section we review a number of possible improvements at each execution stage. The improvements discussed here are suggested by our analysis of the identifiable causes for each deficiency.

EXHIBIT 3: Key Deficiencies in AID's "Growth-With-Equity" Policy Execution Process

DESIRED MANAGEMENT CHARACTERISTICS	STRATEGY FORMULATION	PROJECT DESIGN	PROJECT IMPLEMENTATION	BENEFIT CONTINUATION
1. Clear Objectives	Although AID's Growth with Equity policy objectives are clearly stated, other major development actors are frequently not in agreement with them. Lack of full commitment to targetting objectives is frequently observed.	In many cases, poverty reduction objectives not stated in specific enough terms to provide an operational basis for identifying poverty subgroups or special publics. A potential lack of agreement among project actors on specific project objectives. This could diminish commitment and lead to serious implementation difficulties.		
2. Identification of the Poor	The level of aggregation of the analysis limits its usefulness in regard to specifying appropriate project interventions.	In many cases subgroups of the poor are not being properly identified and profiled. Nor is there a concern in many instances for doing the identification during implementation.		
3. Causes of Poverty	The level of aggregation of the analysis limits its usefulness in regard to specifying appropriate project interventions.	It is very likely that causes of poverty are not adequately described and understood. Some cost-effective practices are being used but non consistently across projects.		
4. Beneficiary Groups		A major problem is the lack of a precise understanding on who various benefits will accrue to at each level. This lack of specification complicates the task of identifying appropriate benefit distribution mechanisms.	Key project actors frequently do not agree on an operational definition of who the intended beneficiaries are, where they are located, and what specific types of benefits are supposed to accrue to them.	
5. Distribution Mechanisms	Generally, the mechanisms appear appropriate given aggregate description of poverty groups. If poverty groups were more clearly identified and profiled, distribution mechanisms would also need to be more clearly specified.	A range of distribution mechanisms are in use, but they are not well understood and uniformly applied. In many cases the mechanisms appear to be ad hoc add-on features of the project design.	A major problem is the lack of adequate distribution mechanisms in targetted development efforts.	Available information insufficient to identify major gaps. Tentatively, it appears that the set of necessary mechanisms for sustaining benefit flows is frequently incomplete.
6. Institutional Arrangements	Generally, the arrangements appear appropriate given aggregate description of poverty groups. If poverty groups were more clearly identified and profiled, institutional arrangements would also need to be more closely specified.	Institutional arrangements are not closely enough linked to distribution mechanisms. Inadequate attention being given to the question of whether the institutions have the capacity and incentives to operate distribution mechanisms as anticipated.	The issue of institutional choice and location of responsibility is a major problem. At present there is frequently an inappropriate fit between the distribution mechanism and the institutional arrangements for operating it.	A key problem is continuing institutional arrangements that operate "internal" distribution mechanisms following the phase-out of project resources.
7. Feedback and Assessment		In most cases, project designs do not provide for special feedback and evaluation mechanisms.	Systems for monitoring and reassessment appear inadequate.	It appears that systems not in place for monitoring and adapting inputs in conjunction with benefit continuation.

a. Strategy Formulation Improvements

Several improvements can be suggested for AID's strategy formulation process. First, since there is still considerable skepticism about the feasibility and efficiency of targeted assistance strategies, the Agency could promote greater acceptance and commitment by disseminating information on successes and documenting cost-effective approaches. Another improvement opportunity during strategy formulation is the codification and, where necessary, development of effective methods for "poverty analysis." The work in the Philippines, supported by USAID, is exemplary in this respect.

b. Project Design Improvements

Many improvement opportunities are evident during project design. The major ones include:

- Instituting a collaborative project design process for clarifying and agreeing on major objectives;
- Identifying and disseminating cost-effective methods for gathering and analyzing project specific poverty group and subgroup data;
- Assembling and disseminating practical methods for identifying beneficiary groups at different benefit levels and specifying intended types of project benefits;
- Developing field guidelines for identifying necessary distribution mechanisms;
- Developing field guidelines which can assist in the choice of contextually appropriate institutional arrangements for operating project distribution mechanisms; and
- Assembling and disseminating information on the unique characteristics of feedback and assessment procedures in targeted aid-supported projects.

c. Project Implementation Improvements

The most serious policy execution deficiencies are evident during project implementation. However, as pointed out earlier, the deficiencies do not hold for all AID-supported projects. Thus, by drawing on effective implementation practices already in use, AID can potentially make many substantial improvements. The key improvements suggested during the course of this study, and substantiated by several previous analyses, are summarized below:

- Instituting a collaborative process whereby key project actors come together and agree on intended beneficiaries and types of benefits throughout implementation;
- Assemble and disseminate to implementation personnel available field experience on the installation and modification of distribution mechanisms;
- Guidelines need to be developed that can assist project managers with the effective management of benefit distribution--especially guidance on how to influence the effective and efficient operation of combined institutional arrangements; and
- Identifying combinations of formal and informal practices for monitoring and reassessing benefit distribution during implementation.

d. Benefit Continuation Improvements

Based on the information in AID's Impact Evaluations, several improvements were also suggested during benefit continuation. These include:

- Gather, codify, and disseminate information on the process by which distribution mechanisms continue to function or atrophy following completion of project activities;
- Conduct indepth assessments of how institutional arrangements favoring poor groups change over time, and how these changes can be more effectively managed; and
- Search for methods that can be used to inform developing country and donor assistance officials of disruptions in benefit flows.

FINDING 5:

For both skeptics and proponents of targetted aid policies, the results of this study are encouraging. Opportunities for improving policy execution are more concerned with information dissemination and selective application of existing practices than they are with reaching for new management solutions.

Our analysis indicates that targetted aid can result in programs that are successful in channeling benefits to constituent groups of the poor. Moreover, successful programs appear to have a number of basic management characteristics in common. These characteristics are uniquely manifested at various policy execution stages and are susceptible to control by field

managers. Management expertise currently exists for executing targetted aid strategies, and methodologies are available for applying management technologies.

F. SUMMARY AND CONCLUSIONS

From the early 1970s, AID and other international assistance agencies have struggled with the problem of defining more concisely who would become the primary beneficiaries of the new development programs and of measuring the scope and magnitude of their needs. An even more difficult task has been to distinguish among various groups of the "poor majority," and to identify the causes of their poverty and the conditions/arrangements under which assistance would be most effective in reaching them.

Each project incorporates its own approach to development and to targetting. Sometimes these approaches are explicit and other times they are unstated. The prevailing approaches adopted in projects and policies have changed significantly since the days of the Marshall Plan. In this document, three types of approaches are distinguished--the "trickle-down" approach, the bottleneck or sectoral approach and the target group involvement approach. Each of these approaches is discussed in terms of its basic strategy for benefiting the poor and the set of actions which can be adopted as overlays to increase the absolute and relative benefits to the poor. Although presented and discussed as distinct and discrete alternatives, policy and project personnel will recognize that projects and strategies can easily draw elements from all three approaches.

The ability to channel benefits directly to the poor depends, of course, on the ability to identify and distinguish among different constituent groups. But in large part, it also depends on the ability of governments in developing countries to establish general economic and social policies that are conducive to poverty alleviation and on the ability of governments and international aid agencies to design and manage equity-oriented projects effectively.

Central to the approach adopted in this paper is the proposition that an "equity constraint" and/or an "equity objective" can be pursued effectively if, and only if, projects incorporate some form of targetting of their benefits towards intended beneficiaries. "Targetting" includes a large set of potential management and policy actions intended to increase or protect the access of the poor to project benefits. These actions include such factors as choice of project sector or purpose, geographical location of the project, participation in planning and decisionmaking about the project, distribution mechanisms for project benefits, institutional arrangements for implementation, selection criteria for project participants, and so on. As a set, these actions are not a necessary consequence of any particular approach to development nor are they precluded by any approach. However, certain approaches incorporate various of these actions

by design or definition whereas other approaches are neutral as to distribution and require that targetting actions be incorporated as explicit overlays to the general strategy.

In our judgement, the various equity-oriented actions discussed in this paper are essentially additive. In other words, these actions are somewhat independent of one another, and each addition of one of these activities to a project increases the extent of targetting in that project. It is also noteworthy, however, that each such action adds to the constraints under which the project operates and to the complexity of designing or managing the project. The choice of a set of such actions for a particular project represents a strategic decision which should be made on the basis of policy considerations and local situations.