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ORGANIZATIONAL CULTURE AND DEVELOPMENT ASSISTANCE

Gerald M. Britan, Ph.D.
Agency for International Development
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INTRODUCTION

Most critics blame the limited impact of U.S. foreign assistance on inappropriate goals, inadequate knowledge, and insufficient human and financial resources, compounded by external political and ideological pressures. However, two seminal studies of the Agency for International Development--Judith Tendler's INSIDE FOREIGN AID and Allan Hoben's "Agricultural Decision Making in Foreign Assistance"--more closely examined A.I.D.'s internal organizational dynamics. Tendler and Hoben concluded that while A.I.D.'s informal organization represented a rational adaptation by well-intentioned bureaucrats to their particular institutional setting, it also overemphasized "maintaining the program," "obligating funds," "moving money," and presenting a "rosey picture" to outsiders. It encouraged the development of larger projects, restricted controversy, discouraged innovation, minimized learning from experience, and utilized rigorous social and economic analysis primarily for post hoc project rationalizations. Many of the problems of development assistance, in other words, reflected the workings of A.I.D.'s own organizational culture.

A.I.D., however, has changed dramatically since Tendler's critique of late 1960's and early 1970's capital investment projects and Hoben's assessment of New Directions programs of the mid to late 1970's. In the late 1980's, decision-making at A.I.D. has become increasingly decentralized; funding is no longer tied to foreign

exchange and capital investment requirements; the foreign service has been reformed; program lending is replacing project lending; "poverty alleviation" and "rural development" have been de-emphasized; "income generation" and "broad-based economic growth" are the new buzzwords; and major new efforts have been launched in policy reform, privatization, and child survival.

At the same time, informal decision-making at A.I.D. continues to reflect a variety of internal organizational characteristics. While some aspects of A.I.D.'s organizational culture have changed little during the past decade, others have been greatly elaborated, and some new themes have emerged. The following preliminary description of A.I.D.'s changing internal organization is based on the author's five years of experience as a Senior Social Scientist in the Agency's Policy Bureau.

KEY FEATURES OF A.I.D.'S ORGANIZATIONAL CULTURE

A comprehensive examination of A.I.D.'s organizational structure and process is beyond the scope of this brief paper. The following analysis focuses on major organizational features and changes and how they have affected A.I.D.'s development performance.

Decentralization:

A.I.D. has always been relatively decentralized, distinguished from other donors by its strong field presence and extensive

system of country missions. In theory, this decentralization has enabled A.I.D. staff to be more knowledgable and sensitive about local development problems and more capable of adjusting programs and projects to meet emerging needs. However, while A.I.D. missions have always had considerable flexibility in designing and implementing development efforts, authority to approve projects until quite recently remained in Washington. Each A.I.D. field mission prepared formal Country Devevelopment Strategy Statements (CDSS's), Project Identification Documents (PID's), and Project Papers, each of which was submitted for an intensive series of meetings, reviews, revisions, and approvals in A.I.D./Washington. This approval process was the primary vehicle through which A.I.D.'s Policy Bureau (PPC), other Central Bureaus (S&T, FVA, PRE), and regional bureaus asserted control and assured compliance with broader Agency policies, procedures, and goals.

During the mid-1980's, most project approval authority was delegated to individual missions. While these Mission's still submit initial Project Identification Documents, these have become terse abstracts that are subject only to cursory review. CDSS's are also still prepared periodically (generally every 3-5 years) and discussed extensively, but these represent broad (and, in large part, ideological) statements of strategy, rather than specific program and project plans.

To provide greater structure and accountability in Mission planning, A.I.D. has added a broader requirement for annual or semi-annual Action Plans, which are supposed to describe how a mission will their its strategy and analyze how its current programs and projects are performing. Thus far, however, action plans have varied widely across Missions and Bureaus. Most provide only cursory project descriptions, few provide more than anecdotes about project impact, and none apply rigorous or comparable criteria for assessing program performance. A.I.D., in other words, has delegated programming authority to missions, but has not yet developed management systems to make Missions accountable.

Changing Personnel Patterns:

The lack of Mission accountability for development performance is reinforced by a lack of personal accountability as well. A.I.D.'s field officers are still rotated on two to four year cycles. Given the time involved in project design (typically two to three years) and implementation (five years or more), individuals responsible for designing projects are unlikely to

be around when projects are implemented or evaluated. As a result, foreign service officers are rarely rewarded or praised because of their development achievement, but rather because of their administrative skills, their ability to get along, their ability to manage contractors, and, particularly, their ability to obligate and spend funds.

Indeed, these narrow performance criteria have been further strengthened by continuing reductions in the number of A.I.D. staff. At its peak in the late 1960's, A.I.D. employed nearly 20,000 direct hires, the vast majority of whom were directly involved in designing and managing projects. Today, A.I.D.'s direct hire staff numbers only about 2,000, few of whom have detailed knowledge of the countries in which they are working. At most missions program continuity is provided not by direct hire staff, but by Foreign Service Nationals (FSN's)--who not only drive cars and type letters, but also administer programs and provide technical expertise, and often remain A.I.D. employees for a decade or more.

Program and project design, implementation, and evaluation, on the other hand, is generally the responsibility of A.I.D. contractors: local expatriates on personal services contracts, visiting TDY teams writing project papers or conducting evaluations, and resident advisors implementing projects on a day-to-day basis. This also includes contractors provided through "central projects" administered in Washington.

Few A.I.D. officers in the late 1980's are significantly involved in the nitty-gritty of project implementation. Most are fully occupied holding meetings, writing memo's, and completing the endless paperwork needed to hire and pay contractors. As a result, a relatively small group of contractors greatly influences the substance of A.I.D.'s programs and has a vested interest in keeping A.I.D. satisfied. Many of these contractors design remarkably similar projects and conduct remarkably similar studies in a diversity of settings.

The Relative Abundance of Resources:

The declining number of A.I.D. staff, and the fact that only direct hires can approve contracts and expenditures, has further exacerbated pressures to obligate resources. Despite funding declines, resources remain relatively abundant from the perspective of the field and opportunities to spend resources in bureaucratically acceptable ways remain severely limited. As Tendler (1977) noted more than a decade ago, this has resulted in a search for "targets of opportunity," a reluctance to modify or abandon projects once developed, an unwillingness to examine investment alternatives beyond those already identified, and a tendency to favor larger, high cost projects, over smaller ones.

Shifting Funding Mechanisms:

Indeed, the perceived ease of obligating funds is one factor behind A.I.D.'s recent shift towards program lending (currently nearly half of all development assistance) and away from project assistance. Program loans and grants provide countries with development funds in return for sector or economy wide reforms. While such program loans may require fairly intensive analysis upfront, they tend to be larger and easier to implement than most projects. Another trend has been the development of "umbrella projects," that encompassed a range of loosely related activities or that use intermediaries (both government organizations and PVD's) to fund numerous local initiatives. The result, in many cases, is that A.I.D. staff are even further distanced from the results of their development interventions.

The Changing Role of Central Bureaus:

Decentralization has increased the power and independence of A.I.D.'s Regional Bureaus and country Missions, but A.I.D.'s Central Bureaus have responded by developing new programs and defending them in new ways. The major mechanism has been the elaboration of topically focused programs that have their own outside constituencies, internal organizational bases, and closely related central projects providing a range of mission oriented services.

The Bureau for Food and Voluntary Assistance (FVA) and the Bureau for Private Enterprise (PRE) have long fit this mould, since their basic functions are constituency oriented and legislatively mandated. FVA manages food aid (responding to agricultural and humanitarian interests), providing grants to well organized and politically powerful private and voluntary organizations. PRE manages A.I.D.'s private enterprise revolving fund, provides grants to cooperatives, and administers bilateral private sector initiatives that respond to business and conservative interest group concerns.

More recently, such constituency-oriented central programs have also developed in A.I.D.'s Science and Technology Bureau (S&T). S&T encompasses a wide array of topically focused units (on energy, the environment, microenterprise, child survival, agricultural policy, population, insitutional development, etc.), each of which cultivates its own outside constituency (the land grant universities, the family planning lobby, the environmental lobby, etc.), and many of which have Congressionally earmarked funding. These units develop central projects that conduct applied research (often by funding outside constituents); develop "pilots" and "demonstrations; and provide "technical assistance" in project design, implementation, and evaluation to Missions and host governments. Missions find these centrally managed technical projects quite useful since they can "buy-in" to obtain services with a minimum of administrative overhead. However,

these central projects have also exacerbated the trend towards a small number of well connected, topically focused contractors developing "cookie-cutter" projects throughout the world.

A.I.D.'s Policy Bureau (PPC), has probably been least successfull in coping with decentralization. PPC was once the Agency's most powerful bureau, defining policy and judging program and project compliance during the heady days of New Directions. Today, PPC's Budget (PB), Donor Coordination (DC), and Economic Analysis (EA) units have important continuing functions, and A.I.D.'s evaluation office (CDIE) has successfully redefined its role as an information resource center, but PPC's Policy Development and Project Review office (PDPR) is languishing. PDPR's previous role as the final arbiter of mission proposed projects has become nearly irrelevant under decentralization, and has been replaced with a much vaguer "policy advisor" function.

Other central offices, such as the Management Bureau (M), have expanded their housekeeping functions and added new mission oriented (and contractor staffed) services, such as technical assistance in computer applications. At the same time, the formation of a separate Exteral Affairs Bureau (XA) has further legitimized A.I.D.'s over-riding concern with public relations.

New Development Ideologies:

A.I.D.'s overall development strategy--its development ideology--has changed dramatically during the past twenty years. Tendler (1975), for example, examined capital investment projects that reflected A.I.D.'s late 1960's and early 1970's investments in infrastructure as a basis for "takeoff" into economic growth. Hoben (1980) assessed A.I.D.'s concern with small farmers, which reflected the Agency's mid-1970's New Directions priority of meeting the needs of "the poor majority." In the 1980's, however, A.I.D. is less concerned with "building infrastructure" or serving the "poorest of the poor," and more concerned with stimulating economic development through policy reform, privatization, and export-led growth. (A.I.D.'s other recent concerns, with "technology transfer," "institution building," "child survival," "maintaining the resource base," etc., represent more specific mechanisms or responses to political interest groups).

Both Tendler and Hoben argued that A.I.D.'s primary response to such ideological shifts was simply to alter the language of project documentation, while minimally altering their substance. While this may be true in the short term, a recent study of social services programming in six countries (Britan 1988) indicated that A.I.D.'s ideological shifts have had a much more profound influence on project development. While

programming changes remained relatively cosmetic for a few years following after major policy shifts in the early 1970's and early 1980's, within no more than five years project portfolios had been dramatically altered.

Indeed, the study found that social services programming was quite similar across countries at any point in time, despite varying economic conditions, but quite different in all countries at different points in time, in response to ideological shifts. Thus, in the 1970's, A.I.D. emphasized rural development and poverty alleviation as much in economically booming Thailand as in economically stagnating Ghana. And, in the mid 1980's, A.I.D. emphasized privatization and trade just as much in Bolivia, where social services were collapsing, as in relatively affluent Botswana.

In neither era did A.I.D. fine tune it policy priorities to address country-level economic conditions. In part, this may have reflected the Agency's reliance on a relatively small number of sector-oriented contractors, who found it easier to duplicate existing projects, but who also remained well-tuned to changing ideological currents. It also doubtlessly reflected efforts by A.I.D. staff to protect and expand their programs by accomodating to new A.I.D./Washington poltical realities. Unfortunately, it also contributed to abrubt country program shifts, a blurring ofd strategic vision, and an emphasis on targets of opportunity.

External Pressures and Constituencies:

A.I.D. has long been subject to disproportionate political pressure and criticism, largely because it lacks a natural domestic consituency. A.I.D.'s response has been a concerted effort to court specific interest groups--land grant universities, contractors, PVO's, trade companies, humanitarian organizations--that either benefit from or have special concerns for foreign aid. The results appear to have been less than satisfactory.

On the one hand, A.I.D.'s constituencies remain fragmented, and if anything have grown more so. Individual interest groups press their specific concerns--population, energy, the environment, microenterprise, food for the hungry--and develop close ties with relevant organizational units within A.I.D., but the resulting pressure on Congress for specific earmarks and set-asides has, if anything, diminished support for broad-based development assistance. Such support has also been undermined by the Reagan Administration's continuing emphasis on politically motivated economic and military support.

At the same time, Congressional concern, scrutiny, "micromanagement" of foreign aid has continued to grow, reflecting increasing dis-satisfaction with A.I.D.'s foreign assistance strategy. In part, this is simply a response to constituency concerns and periodic horror stories of fiscal mismanagement, but it also reflects Congress' growing mistrust

of A.I.D.'s public relations "success stories" and increasing desire for better information on program performance and impact. This has resulted in increased scrutiny of A.I.D. by the GAO and other Congressional watchdogs, increased funding for A.I.D.'s Inspector General, and increased reliance by on IG audits as a source of unbiased information.

Changing Donor Roles:

Twenty years ago, A.I.D. was by the far the largest bilateral donor and a clearly dominant force in foreign assistance. Today, A.I.D.'s program is not only dwarfed by major multilateral institutions, it is also being surpassed by other bilateral donors. There are few countries today where A.I.D. exerts a major influence on development planning. A.I.D. s role, A.I.D.'s purpose, and A.I.D.'s strategy need to be redefined in this new environment.

Closer donor coordination, a concerted effort to divide responsibilities in mutually reinforcing ways, is clearly a top priority. A.I.D., to its credit, has taken the led in promoting such coordination through local and international forums. Beyond this, however, A.I.D. still needs to much more clearly delineate its own special role: Should A.I.D. be an innovator in demonstrating new development approaches? Should A.I.D. be a doer that provides direct services and benefits? Should A.I.D. focus on a few sectors where the U.S. has a

comparative advantage? Should A.I.D. concentrate on institution building, mobilizing intermediaries, or promoting policy reform? Should A.I.D. restrict its program to a smaller number of countries where it has the greatest stake, which have the most pressing problems, or which promise the greatest potential? Thus far, A.I.D. continues trying to be everything for everybody; the danger is that it will accomplish nothing for nobody.

IMPLICATIONS FOR ORGANIZATIONAL PERFORMANCE

The dominant theme of A.I.D.'s organizational culture is an emphasis on process over substance. The Agency, it would appear, is becoming increasingly involuted and introspective, almost narcissistic, in its concern for internal rules, procedures, reviews, and requirements. A.I.D. continues to reward the "doing" of development--preparing plans, approving projects, fielding teams, providing inputs--but pays much less attention to the results of what is being done. This emphasis on process over substance permeates nearly every aspect of the Agency's business:

Moving money:

A.I.D.'s over-riding concern in the 1980's, as in the 1960's and 1970's, is moving money. Staff are not evaluated based on their contribution to development, but rather on their

contribution to A.I.D.'s program. A.I.D. is less concerned with the quality or impact of this program than with its smooth implementation. Staff are rewarded for developing plans, obligating funds, spending money, delivering inputs, maintaining propriety, and telling a final "success story."

While most A.I.D. staff remain deeply committed to development goals, development results are difficult to measure, while the failure to spend funds is immediately obvious. As staffing levels have declined, and pressures to spend have increased, A.I.D. staff have invented new funding mechanisms. Despite continuing rhetoric about democratization and participation, for example, the most significant perceived benefit from the Decentralization Program in Egypt was that it enabled A.I.D. to spend hundreds of millions of dollars with minimal administration. Only after more than five years of implementation, did A.I.D. notice that tens of millions of dollars of spare parts were rusting in open fields and that dozens of potable water systems had never been hooked to wells. A.I.D. will certainly "try" to solve these problems during the program's already approved second phase, but from an administrative perspective the program is already seen as a resounding success.

Targets of Opportunity:

Given the time and difficulty involved in approving new projects, Missions almost always face a relative abundance of

funds compared with opportunities to spend them. Every Mission, therefore, tries to keep several projects "on the shelf," ready to go if funds become available. And, nearly every mission is constantly searching for new "targets of opportunities:" projects that host governments are willing to do and and that fit within A.I.D.'s bureaucratic and ideological guidelines. A.I.D. rarely has the time to analyze a range of investment alternatives and rationally chose the most beneficial. Once a target of opportunity has been identified, the investment decision has essentially been made. Detailed project paper analyses are prepared primarily to meet internal bureaucratic requirments; they provide post hoc rationalizations for decisions already made.

In many countries, which have too few targets of opportunity, A.I.D (like other donors) has funded distinct projects specifically aimed at increasing the country's "absorptive capacity" for development assistance. This is not, however, so much a capacity to "do" development, as a capacity to identify and prepare projects in a manner that will be bureaucratically acceptable.

Organizational Fragmentation:

A.I.D.'s concern with appearances, its emphasis on process over substance, its courting of external constituencies, and its multiplying goals have, over time, resulted in increasing

organizational fragmentation. A.I.D. has grown by accretion; when new interests emerge new offices are created, but few are ever disbanded. A.I.D. now contains dozens of separate technical, sectoral, subject-matter, and topically oriented units. Each of these units has its own priorities, its own projects and programs, its own staff, its own constituencies, and in many cases its own Congressionally earmarked funding.

Decision-making by consensus:

A.I.D's decision-making both reflects and reinforces A.I.D.'s organizational fragmentation and its emphasis on process over substance. A.I.D. strives, above all else, to avoid controversy; to present a rosey picture to outsiders; to permit all interested parties to review, discuss, revise, and review again all possible alternatives; and to ensure that decisions, whenever possible, reflect consensus. In the mid-1980's, for example, the A.I.D. Administrator convened a special task force to assess innovative approaches to agricultural extension and, in particular, to suggest mass media and private sector alternatives to traditional public extension efforts. The task force included representatives from every bureau, every policy and technical office, and numerous external interest groups. It held countless meetings, prepared numerous drafts, and achieved eventual consensus by endorsing just about everything. One major section, prepared by a land grant consultant, recommended dozens of ways for A.I.D. to support

public extension, supposedly just what A.I.D. no longer wanted to do. Another section, prepared by an education specialist, outlined the critical importance of "basic education" components in extension outreach. In the end, the report had little influence, but served its purpose by showing potential outside critics that A.I.D. continued to support all of their interests.

Endless planning and reporting:

Perhaps the most striking illustration of process over substance is A.I.D.'s seemingly endless internal requirement for planning, reporting, and review. Indeed, A.I.D.'s appetite for 'process' information seems insatiable, every program and project is individually documented numerous times each year, the mission planning process practically never stops.

A recent internal A.I.D. report (Garrity 1988), prepared in conjunction with the Congressional Task Force on the Future of Foreign Assistance, noted that this planning and reporting is "heavily oriented to authorization and audit, but that systematic assessment of policy and program effectiveness

is embryonic and limited." This has resulted in a planning and reporting system "driven by an administrative process rather than by management need [that] involves a substantial amount of 'doing business with ourselves'." Indeed, while "it is difficult to imagine any reasonable congressional planning and reporting requirement (except evaluation) that A.I.D. could not meet" ... "this begs the question as to what Congress and A.I.D. really need to effectively direct and oversee the U.S. development assistance program."

Lack of Accountability for performance:

A.I.D.'s concern with process over substance has resulted in a management system that emphasizes internally imposed project design and implementation requirements, but which virtually ignores the development impact of projects and programs meeting those requirements. A.I.D., in other words, has become increasingly inward-looking and involuted, developing more and more rigorous and precise procedures and requirements for "doing" development, while spending less and less time looking at what is being done. Past efforts to develop performance and evaluation standards through consensus have been little help, resulting in endless lists that include nearly every conceivable performance indicator. What is needed is not only a smaller set of broadly applied (if imperfect) performance measures, but even more importantly the will to seriously examine performance and to reward development success.

CONCLUSIONS

Although Tendler and Hoben's portraits of A.I.D. remain generally valid, during the past ten years the Agency has become even more decentralized and fragmented, more defensive, and less focused on development objectives. As a result, internal groups are more freely pursuing their own diverse agendas while A.I.D.'s broader development vision has become increasingly blurred. What remains is an abundance of mandated procedures, but a lack of concern for the substance those procedures emobdy.

What are needed are clearer goals; fewer, but more clearer defined policies; stronger leadership; and better accountability for performance. This will require both better means of measuring performance and better mechanisms for ensuring corporate and individual accountability. Quite likely it will also require a more focused program, less emphasis on traditional projects, more use of private sector and not-for-profit intermediaries, and greater program and sector lending. Optimistically, this appears to be precisely the direction in which A.I.D. and the Congress are heading in rethinking foreign assistance legislation.

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