classes and strongly enforced rules of behavior and interaction, and in which participatory practices are not highly valued it is difficult to introduce people-centered management approaches.

Many of the lessons learned from applied research and technical assistance in development management were reflected in AID's 1982 *Development Administration Strategy Paper,* and in the Office of Development Administration's proposal (USAID, 1982b) for a six-year Performance Management Project, which was approved in 1983. The objective of the project was to improve the management of AID-supported development projects and programs. The DPMC and NASPAA would consolidate knowledge about alternative ways of improving project and program management performance, disseminate the information to USAID missions, and develop and test improved management technologies for "people-centered" program implementation and transformation of project and program plans into results. The two organizations would also do research on financial management in AID-assisted organizations, use of microcomputers in program planning and implementation, and integrating economic and social soundness analyses in the design of projects and programs. Finally, they were asked to seek ways of improving the intervention techniques of consultants engaged in promoting organizational change.

In early 1984, both organizations began an extensive research program. State-of-the-art studies were commissioned on appropriate approaches and techniques for improving development program management, strategies of managing organizational change, training strategies for increasing managerial effectiveness, and the roles of training institutes in developing countries in improving management performance. In addition, technical studies were commissioned on alternative approaches to implementing programs of management improvement; on ways of integrating social, economic and technical factors in program and project design; and on the role of consultants as "change agents" in developing countries. Work would continue on assessing financial management improvement experiences in the Sahel region of Africa, and on methods and techniques that have proven successful in managing "people-centered" development programs.

6

Development Management in AID Projects in Africa

Problems of managing AID-funded development projects in less developed countries, especially in Africa, became more serious during the late 1970s and early 1980s, and for this reason AID's Center for Development Information and Evaluation (CDIE) began an assessment of development management performance in 1984 (Rondinelli, 1986). CDIE's evaluations provided an empirical base for analyzing problems frequently encountered in development management, and yielded important insights into the impact of development management on the implementation of AID-funded projects in Africa. A review in this chapter of the findings of those evaluations also provide an empirical perspective on the findings of other research that AID had been funding on development administration and management during the 1970s and 1980s.

The evaluations of the Center for Development Information and Evaluation had three purposes: first, to identify the major factors that influenced the implementation of aid projects; second, to identify from the experience, with a sampling of projects, the practical lessons for development management; and third, to draw from those lessons implications for enhancing development management capacity in developing countries. The evaluations began with a reconnaisance of more than 1,000 projects undertaken by AID in African countries since the mid-1970s. A content analysis of factors affecting their implementation was done for a sample of 277, and an in-depth examination was made of six large-scale agricultural and rural development projects.

Development management was defined broadly as a process through which individuals and institutions in developing countries organized and used the resources available to them to achieve specific

development objectives. Development management capacity was assessed by the effectiveness with which development projects were implemented. The content analysis of the 277 projects sought to determine the influence of four sets of factors:

1. The impact of public *policy* in developing countries on the formulation and implementation of development projects
2. The impact of the process and content of a project's design on its implementation
3. The impact of the political, economic, social, and cultural environoment, that is, of *contextual* factors, on project design and implementation
4. The impact of *organizational* and *administrative* factors on project implementation

The content analysis revealed the frequency with which these factors affected the projects and the problems that managers encountered during their planning, design, and implementation (Tuthill, 1985).

CDIE used these sets of management factors to analyze project implementation in intensive field studies of six agricultural and rural development projects in Africa. Multidisciplinary teams carried out in-depth field assessments of the following:

1. *The North Shaba Rural Development Project (PNS) in Zaire.* This $31 million project included about $19 million in AID loans and grants to the government of Zaire over a ten-year period from the mid-1970s to the mid-1980s. The project sought to increase food production in the North Shaba area (Rosenthal, Jackson, Mara, and McPherson, 1985).
2. *The Egerton College Component of the Agricultural Systems Support Project in Kenya.* The aim of this project was to upgrade the quality of faculty and physical facilities at the college to increase the supply of trained personnel able to provide agricultural extension services to small land holders. The project cost about $45 million, of which about $34 million was provided through AID grants and loans (Nicholson, Bowles, Gathinji, and Ostrom, 1985).
3. *The Bakel Small Irrigated Perimeters Project in Senegal.* From 1977 to 1985, this project sought to improve dry land agriculture in the Bakel River Basin by introducing irrigation systems and new cultivation practices in twenty-five villages (Seymour, McPherson, and Harmon, 1985).
4. *The Niamey Department Development Project (NDD) in Niger.* This $27 million project, funded in part by an $18 million grant from AID, was designed to increase rain-fed agricultural production in the Niamey Department through improved farming techniques (Painter et al., 1985).
5. *The Agricultural Sector Analysis and Planning Project (ASAP) in Liberia.* A $3.2 million grant from AID sought to develop within the ministry of agriculture a stronger capacity to do sector analysis and planning so that the ministry could help traditional farmers to solve their production and marketing problems (Herman, Shaw, and Hannah, 1985).
6. *The Land Conservation and Range Development Project (LCRD) in Lesotho.* The goals of this $16 million project, which began in 1980 and was to run for seven years, were to stabilize erosion of agricultural and range lands in the project zone and thereby increase agricultural and livestock production (Warren, Honadle, Montsi, and Walter, 1985).

Although each project was somewhat different in its characteristics, the sample was representative of projects that AID was supporting in Africa. The cases identified and assessed the factors affecting the implementation of each of the projects and analyzed the relationships among the factors in shaping their outcomes. The case studies provided information about how the four sets of factors—policy, design, contextual, and organizational and administrative—identified as important by the content analysis of the sample of 277 projects, affected the implementation of these six African projects. They also yielded important conclusions about the nature of development management and about how governments in developing countries and international assistance agencies could improve management practices in public and private sector organizations working on development projects.

Many of the lessons confirmed what was already known about managing development projects in Africa. But, in confirming known problems, the cases provided some insight into their impact on AID projects in Africa, and highlighted the need for AID to cope more effectively with frequently recurring deficiencies. Other lessons from the cases challenged conventional wisdom.

Policy and Design Factors

The cases indicated quite strongly that the policies of national governments and international assistance agencies played an important role in identifying problems and opportunities for intervention and in shaping the design of development projects. National policies also had

a direct impact on the implementation of projects in Kenya, Zaire, Senegal, Niger, and Liberia, and strong indirect effects on project implementation in Lesotho.

National policies played an important role in project design by influencing the definition of goals and purposes and the selection of inputs and outputs during the proposal stage. They reflected, and in some cases helped shape, the environment in which the projects were carried out and the amount of support host country governments gave them. For example, the Land Conservation and Range Development project in Lesotho resulted in part from, and was made possible by, changing government policy toward land use during the late 1970s. Although it took the government a long time to develop the capacity to implement these policies, primarily because of opposition from traditional tribal chiefs, the objectives of the LCRD project would have been difficult to achieve without policy changes and political commitment from the government. Similarly, the success of the project in Kenya to expand the capacity of Egerton College to produce graduates who could help increase smallholder output ultimately depended on changes in national agricultural pricing policies. No matter how successful the project was in expanding Egerton College, its graduates would have little real impact if national pricing policies remained adverse to small-scale farmers.

Furthermore, the evaluations clearly showed that projects can, in turn, have a strong influence on government policies and programs. Two of the projects—in Zaire and Senegal—influenced the ways in which government officials organized rural development programs by demonstrating the advantages of interacting more closely with beneficiaries, even though the projects themselves were not entirely successful in achieving their original goals.

Another frequent observation in the content analysis of the 277 African project evaluations, however, was that AID project designers often gave too little attention to policy implications in planning development activities. The failure of some of the project designers to understand adequately policy and contextual factors later adversely affected the management of the projects and, ultimately, the results. The content analysis showed that project designs were often overly ambitious and aimed at unrealistic targets in too short a period of time, that projects were designed too quickly or in far too much detail, and that the activities proposed often conflicted with traditional values or local conditions within the country where the project would be implemented. These design deficiencies restricted the actions of managers and organizations responsible for implementation.

The evaluators emphasized that, to the extent possible, project goals should be kept simple and discrete, as was done in Kenya and Senegal. They recommended that AID staff and consultants should attempt to design projects as an incremental series of tasks that could be accomplished within existing or easily expandable management capacity. But they found that in at least four of the projects—in Niger, Liberia, Lesotho, and Zaire—problems were complex and multifaceted. Simple and discreet interventions could not be identified in advance, and multiple interests could not easily be accommodated. In such cases, they argued, goals must be defined broadly at the outset and refined incrementally during implementation. In such circumstances, development managers had to be skilled in coalition building, obtaining consensus from diverse interests, and providing a sense of direction for the participants and beneficiaries during implementation. The evaluations uncovered evidence that even in complex projects, however, planners must at least be clear about overall objectives if not about specific strategies, so that development managers can set general directions to be supported and followed by those responsible for carrying out the project's many components.

Another recurring theme in all six cases was that project designs must be flexible enough to allow for change and adaptation during implementation. The agricultural and rural development projects were found to require a long periods of time to achieve their objectives; flexibility to change direction as changes occur in policy, the socioeconomic environment, and government support; and a secure commitment of financial, technical, and human resources over a five-to-ten-year period.

Most of the factors affecting implementation, particularly in the more complex projects, could not be predicted accurately during the design phase, especially if there was a long gap between the time the project was designed and its implementation. Even exhaustive feasibility analysis and comprehensive planning could not anticipate changes in policy, contextual, and administrative conditions that affected the outcome of the projects. Nor could planners always accurately identify potential problems and opportunities, or predict with certainty the behavior of participants and beneficiaries. During the implementation of the Agricultural Sector Analysis and Planning project in Liberia, for example, there was a coup d'état and the priorities of the government in the agricultural sector changed rather drastically. Moreover, the minister of agriculture was replaced five times in as many years. After the coup, severe economic problems created budgetary constraints that adversely affected the implemen-

tation of the project. The evaluators concluded that designers should only provide the overall objectives for the project, and leave the choice of implementation strategies and tactics to the project's managers who, in any case, would be held accountable for the results.

The evaluators concluded that planners must tailor the project as closely as possible to local conditions and needs, even if this reduces the potential for widespread replication. They also emphasized a seemingly obvious but often neglected point: that sufficient and appropriate inputs must be provided by AID and the host country governments in order for projects to be implemented effectively, and that some discretionary funds should be provided for project managers to respond to changing needs during implementation. AID should not only provide resources that are directly related to the acheivement of a project's goals, but also those that indirectly affect implementation by establishing the project organization's legitimacy and by creating support among potential participants and beneficiaries. Projects should include resources that enable them to provide quick, visible results in order to meet the immediate needs of participants and beneficiaries, as well as inputs for achieving longer-term, more fundamental changes.

These findings implied that AID should give more careful attention in designing projects to the potential impacts of policies on project implementation and to the policy changes that may be needed in order for the project's objectives to be met. Provisions for policy changes should be made during early negotiations with host country governments, in "conditions precedent" to loans, and in performance criteria for the release of AID funds during project implementation.

Finally, the evaluations concluded that, although national policies influence the outcome of projects, AID could neither predict with certainty the impacts of policy changes nor always convince the government to make the changes necessary to implement the project effectively. In any case, policy changes alone were not sufficient to guarantee effective implementation. Successful implementation also depended on appropriate design, a conducive environment, and effective organization and administration.

Environmental and Contextual Factors

Contextual and environmental factors—the political, economic, social, and cultural conditions under which a project had to be carried out—affected implementation in more than 88 percent of the 277 African project evaluations included in the content analysis. For example,

more than 17 percent of the evaluations claimed that AID's project-planning and management procedures were incompatible with or adversely affected social, cultural, or economic conditions in the host country. Nearly 26 percent indicated that environmental conditions were not conducive to implementing the projects as they were designed.

Among the lessons drawn from the six case studies were two outstanding ones. First, the social, cultural, and economic environment in a country is a major factor influencing project implementation. For example, traditional institutions and practices were seen as obstacles to implementing the project as it was designed in Zaire, Niger, Liberia, and Lesotho, but in Kenya and Senegal they were found to be useful instruments through which the staff and the local population participated in development activities. In cases where traditional institutions and practices clashed with modern management needs—as they did in Niger, Lesotho, and Liberia—project planners and managers had to make difficult choices about which of them they would attempt to change.

Second, all of the evaluations found that the degree to which host country governments supported projects also influenced their implementation. Where political support was strong, as in Kenya and Senegal, it contributed to more successful implementation. The lack of support—or, more frequently, weak support—had deleterious effects in Liberia and Zaire. When government financial support for the project was not forthcoming in Zaire, strong local leadership and effective internal management were needed to overcome the resulting problems.

The evaluations indicated that contextual factors often could not easily be changed, but that they at least had to be understood so that projects could be managed effectively within existing constraints and that appropriate strategies for coping with them could be developed.

Organizational and Administrative Factors

The evaluations identified a broad range of organizational, administrative, and procedural factors that affected the implementation of the six African development projects.

Organizational Structure

Organizational problems arose in more than 91 percent of the 277 African project evaluations subjected to content analysis. The most criti-

cal were inadequate support systems and ineffective organizational relationships.

The lessons drawn from field evaluations of the six agricultural and rural development projects were as follows:

1. The "organizational culture" in which all six of the projects were carried out shaped the opportunities for and created constraints on effective administration. The organizational culture in African countries rarely conformed to Western images of efficient and rational procedures that were often called for in the project designs, and rarely were technical advisors able to change the local culture sufficiently to enable foreign methods and techniques to work as effectively as they thought they should. Given this experience, the evaluators pointed out that an appropriate organizational structure for a project is a crucial variable in its success, but that there are no universally applicable arrangements. In some cases, strengthening existing organizations was most effective; in other cases, new organizations had to be created to overcome constraints and obstacles to change.
2. The cases shed some light on the most effective internal organizational arrangements. Although a high degree of centralization and hierarchy characterized most of the institutions that implemented the projects in these six African countries, the decentralized organizations that implemented the projects in Zaire, Senegal, and Kenya seemed to be more effective in devolving responsibility and authority. They also seemed to be more effective in strengthening administrative capacity at middle levels of management, in keeping organizations more responsive to clients and beneficiaries, and in developing a sense of "ownership" among project staff and participants. Managers in decentralized organizations could discern changes in their environment more easily, provide better feedback to top management, and elicit more effectively the participation of beneficiaries than those in centralized bureaucracies.
3. The cases emphasized that organizational changes required to achieve project goals must be deliberately planned and carried out as part of project design and implementation. Sufficient resources must also be provided for bringing about those changes. It cannot be assumed that organizational reforms will occur automatically as the result of policy changes or of technical activities pursued during the implementation of a project. The Liberian and Zairian cases, especially, found that trade-offs had to be made in the design phase between the amount of time and resources that would be devoted to achieving technical objectives and those that would be committed to achieving organizational reforms. When strategies were not well developed for both sets of activities, the attention given to one during implementation was usually at the expense of the other.
4. One of the strongest conclusions to emerge from the cases was that sufficient flexibility must be given to development managers to make changes in organizational structures and institutional arrangements during a project's implementation; the impact of organizational structure could not be accurately predicted during the design phase and changes in leadership, resources, environment, and policies all affected the efficacy of the project implementing unit. In Zaire, for example, the ability of the managers of the North Shaba project to abandon the farmers cooperatives called for in the project design, when it became clear that farmers were opposed to them, allowed the project to proceed more effectively.
5. The case studies also came to strong conclusions about interorganizational relationships in project implementation. The creation of strong supportive linkages between organizations implementing development projects and others performing complementary tasks were found to be essential for successful implementation. However, the project organizations in Kenya and Senegal that had a high degree of autonomy and independence in decision making, and control over resources and operations, seemed to be more successful than those that were under the close control of central bureaucracies.

The cases indicated that an appropriate balance between independence and accountability must be struck in designing organizations for project implementation. Projects that were located in remote or isolated areas in Zaire, Senegal, and Lesotho required a large amount of autonomy, independence, and control over their own resources in order to respond effectively to local needs and demands. However, they also needed adequate financial, technical, and logistical support from external organizations or higher levels in the bureaucracy to operate efficiently under hardship conditions. In all of the cases, informal networks of cooperation and interaction with higher-

level bureaucracies, supporting organizations, and beneficiary groups were as important—and usually more so—than formal organizational linkages.

6. Coordination among government agencies and private organizations was critical in the implementation of all of the AID-funded development projects. But the evaluators found that coordination depended more on the creation of incentives and inducements than on formal requests or orders to cooperate. Coordination and cooperation depended ultimately on the degree to which various groups and organizations identified favorably with the goals of the project, obtained benefits from it, or saw their own interests enhanced by its success. Not surprisingly, cooperation was easier to elicit in projects such as the Bakel River Basin program in Senegal, in which managers developed a sense of "ownership" among participants and beneficiaries.

   Also, the case studies found that sustaining the benefits of development projects depended on building local and national institutions capable of making decisions, allocating and using resources, and managing their own development activities effectively after international funding ended. Planning for the transition from temporary project organizations to sustainable institutions was an important management task in all six cases, but government and AID officials did not give it careful attention in any of the projects except the one in Kenya.
7. The evaluations found that, while supervisory functions of the USAID missions could improve project implementation, foreign assistance personnel should not attempt to intervene too strongly in the ongoing operations of the implementing organization unless it so requests. AID's role should be to develop a sense of "ownership" and responsibility in the implementing organization, and to help provide the resources necessary for it to accomplish its tasks.

Administrative Procedures and Practices

The content analysis found that 87 percent of the 277 AID projects in Africa encountered administrative problems. The evaluations of the six agricultural and rural development projects suggested that the lack of or weaknesses in formal administrative systems obstructed the successful completion of some of the projects, but that formal management systems were not always essential preconditions for success. Appropriate informal and indigenous administative procedures

worked as well, if not better, than formal systems in Kenya, Zaire, and Senegal, where projects had strong leadership and committed staff. Relatively simple, informal, indigenous procedures were usually more appropriate and effective in developing countries than complex, formal, Western systems. Administrative procedures that delegated responsibility and decentralized functions were the most direct and effective way of developing the managerial capacity of middle-level staff in project organizations.

Also, different types of administrative procedures—with different skill requirements—were often needed for different components of a project. In the projects in Zaire and Senegal, for example, it was found that the more formal administrative systems used by the project-implementing unit were usually too complex or sophisticated for beneficiary groups or small-scale organizations operating in rural areas. The evaluators concluded that administrative systems must be tailored to the needs, capabilities, and resources of the groups who will use them—again a seemingly obvious lesson that was only sporadically heeded in the African projects.

The evaluations pointed out that one implication of these findings is that the administrative procedures of AID and of governments in developing countries should provide sufficient latitude for project managers and staff to be creative, innovative, and responsive to the project's beneficiaries. Administrative procedures should balance flexibility for managers to respond to complex and uncertain conditions with accountability for achieving development goals. AID's administrative procedures should support the host country's development institutions, and not constrain them as they did in several of the African projects.

Management of Financial and Technical Resources

About 86 percent of the 277 projects included in the content analysis had deficiencies in financial and commodity management. The case studies indicated that, in those projects in which the distribution of large amounts of supplies and equipment was essential to achieving project goals, appropriate commodity procurement, storage, inventory, and distribution systems had to be established quickly if other components of the project were to be implemented effectively. But the case studies also found that an important element of effective commodity management was the procurement of equipment and supplies that were appropriate to the needs of participants and beneficiaries and to the conditions under which the project had to be carried out. This principle was not applied in the projects in Niger, Senegal, and

Kenya, where "tied aid" requirements led USAID missions to order U.S.-made equipment regardless of its appropriateness. The evaluators recommended that, in cases where "tied aid" requirements conflict with the needs of the project, AID should routinely approve procurement waivers.

In the projects that depended heavily for their success on the provision of commodities, logistics management was most effective when it was made the responsibility of a full-time experienced staff member or unit and when AID-provided adequate training and technical assistance to support the logistics managers, as was done in Zaire. Special attention had to be given to establishing a special, reliable procurement and supply network for projects located in physically remote or distant rural areas that were at the "tail end" of the government's regular supply channels.

The case studies concluded—somewhat in conflict with conventional wisdom—that although formal financial management systems could enhance the project organization's implementation capacity, the existence of elaborate procedures or Western-style practices was not usually a precondition for success. The projects in Kenya, Zaire, and Senegal were quite successful using indigenous or rudimentary procedures that were sometimes not considered adequate by AID. Indeed, severe problems arose in projects in Senegal and Niger from the attempt by AID to impose its own accounting and reporting standards.

The evaluators suggested that whenever possible AID should allow project implementing organizations to use indigenous accounting systems to obtain financial information, or assist them to adapt indigenous procedures, before insisting on the use of new or separate procedures that only produce financial reports for AID. They also recommended that aid agencies provide adequate training in financial management to allow project-implementing organizations to meet their financial reporting and accounting obligations, as well as to do long-term financial and budgetary analysis of recurrent costs. In brief, they argued that AID should not impose special requirements on development organizations without providing the resources to assist them in meeting those responsibilities.

The management of technology transfer was also important because all of the AID-funded projects in Africa had a technological component. However, other factors such as leadership, commitment, and a sense of ownership and participation by beneficiaries turned out to be as important—if not more crucial—than the kind of technology that was transferred. The cases showed that inappropriate technologies were introduced in some of the projects because of organizational inertia or the failure to assess the feasibility of technology transfer before proceeding with testing or application. Problems arose because of the unresponsiveness of some project designers and managers to the desires and needs of beneficiaries, or because political criteria took priority over local needs.

The evaluators reaffirmed a lesson learned in many other AID projects: that serious attention must be given in project design and implementation to selecting technology that is appropriate to local conditions and that is simple, low-cost, and adequate to the needs of its intended users. They argued that technologies transferred to developing countries should be within the "management capacity" of the organizations that will disseminate and use them. More sophisticated technologies should be introduced incrementally only as the need arises and as the management capacity of the implementing organization expands. And they urged AID to give more serious attention to ways of adapting indigenous technologies, or of supporting indigenous efforts to develop local technologies, before prescribing the transfer of technologies from the United States. Adequate training and support systems had to be provided for using and maintaining equipment and supplies transferred to developing countries.

Human Resource Management

The content analysis of the sample of 277 projects found that over 88 percent encountered human resource management problems. The lack of adequately skilled, competent, or experienced staff, high turnover rates among trained staff, and low levels of motivation or commitment among personnel were the most frequently cited problems. In addition, about 21 percent of the evaluations cited problems with managing the participation of beneficiaries, creating interest in the project among intended beneficiaries, and implementing management improvement programs.

First, the predominant conclusion from all six field evaluations was that strong leadership was a necessary condition for successful project management, and that other factors generally could not compensate for weak leadership. The Bakel project in Senegal, an irrigation and crop production assistance program, provided the most graphic example of the importance of administrative and political leadership. During the project's early years, the implementing organization—SAED—was in constant conflict with farmers in the Bakel river basin. Irrigation supplies were not delivered to the project—or to the farmers—on time. SAED gave farmers little or no guidance about how to construct their irrigation canals and dikes. SAED paid below-market prices for the commodities that farmers had previously

contracted to sell to the project, and farmers were restricted to growing crops that SAED, but not the farmers, considered to be of high priority. Not surprisingly, many dissatisfied farmers broke their contracts with SAED and complained bitterly to local and national government officials.

After an investigation by the prefect of the Department of Bakel, the director of SAED was replaced by a manager more sensitive to the needs of farmers in the region and more willing to exert strong leadership to achieve the project's goals. Changes occurred in the project almost immediately. SAED's organizational structure was decentralized to make it more responsive to its clientele. The new director allowed farmers to choose the crops that they would grow and to sell portions of their crops on the open market. He encouraged them to experiment with new ways of cultivating and harvesting their crops. The new director traveled freqently during his first six months in office, listening to farmers' grievances and discussing their problems with them.

The change in leadership in the project produced tangible results. Rice production increased dramatically. Rapid advances were made in constructing village storehouses. Local cooperatives began managing seed and fertilizer distribution on their own. And joint decision-making committees were formed by SAED and the villagers to manage project activities and maintain equipment at the local level.

The other cases also showed that a project's legitimacy, acceptance, and support depended heavily on the motivation, commitment, and responsiveness of project leaders to the needs of beneficiaries, project staff, and personnel in other participating organizations. And the degree to which projects and programs were successful in promoting institutional development depended in large measure on whether or not project managers and staff took an active role in managing and controlling the project—as in Kenya, Zaire, and Senegal—rather than passively leaving its implementation to technical assistance advisors and the USAID mission.

Second, the evaluations confirmed that different leadership styles were appropriate to different situations and phases of a development project or program. In the Senegal project, for example, a charismatic, visible, and dynamic leader was most effective. In the Kenya project, on the other hand, a collegial, low-key, and participatory style of leadership was most appropriate. The cases concluded that adequate means must be developed to assess leadership impacts on a project during implementation, and to reorient or replace managers who are not providing appropriate leadership and direction.

Third, the cases also showed that leadership must be developed throughout a project organization and not only among top managers or administrators. The motivation, commitment, and responsiveness of staff in pursuing development goals in the six agricultural projects depended, to a large degree, on the incentives offered to them to act creatively in dealing with problems and exploiting opportunities. One implication was that leadership training should be given to managers at various levels of responsibility within implementing units. Participatory management was found to be a valuable instrument of human resource development and helped strengthen the planning, decision-making, and administrative skills of those individuals and groups that participated in the projects. Training was found to be one of the most effective means of increasing managerial capacity in project implementation and of sustaining benefits, but only if it was appropriate to local needs and requirements.

Last, the evaluations emphasized that high turnover rates among staff and leaders in all of the projects, save the one in Kenya, weakened implementation. It was an especially serious problem in Liberia and Senegal. Stability in personnel assignments among technical assistance advisors, project staff, and host country counterparts was found to be essential for effective project management. One suggestion emerging from this observation was that financial, professional, and career mobility incentives must be designed for a project to recruit and retain good staff. Innovations such as dual technical and administrative promotion and pay tracks, and the provision of special amenities such as housing and educational allowances, are often necessary to keep good technical and managerial staff in projects located in remote rural areas.

In summary, the evaluations showed that development management is more than the application of a particular set of administrative systems or of scheduling, procurement, and financial management techniques. The evaluations confirmed that development management is a *process* by which leaders organize and use effectively the resources available to achieve specific development objectives. In the African projects, it involved *good judgment* in interpreting how the variety of factors influencing the achievement of project goals should be dealt with, and how the proper organizational arrangements, administrative procedures, and management techniques could be applied in varied settings to achieve specific development objectives. The evaluations concluded that much more attention needs to be given by AID, and by governments in developing countries, to personnel selection for project management in order to ensure that man-

agers have leadership and administrative experience, as well as technical capabilities.

The evaluations implied that lessons of experience cannot easily be reduced to simple universal rules. The cases showed clearly that development managers deal with complex problems, opportunities, and environments. Managers worked in situations and with problems that were fraught with uncertainty. Development managers had to make complex trade-offs that reflected these uncertainties (Honadle, 1985). Attempts by AID agencies to impose uniform, universal, and rigid administrative systems and procedures on project organizations in developing countries were likely to lead to more rather than fewer problems during implementation.

Finally, an important implication was that training programs to enhance development management capacity must distinguish between the human element of management—consisting of leadership, judgment, experience, and creativity—and the technical element—management systems, regulations, and techniques through which routine tasks are carried out—and which Leonard (1984) refers to as "bureaucratic hygiene." Most training programs for project planning and implementation concentrated almost entirely on the latter. Although improvements in technical aspects of implementation were necessary in AID's projects in Africa, they clearly were not sufficient. Leadership, judgment, experience, and creativity were usually the most critical variables in the successful implementation of AID-sponsored development projects, and were most often neglected in management training and improvement programs.

7

Prospects for Improving Development Management Through Foreign Aid Programs

This review of AID's experience in providing development administration and management assistance indicates clearly that the agency's concepts of development administration and its approaches to development management changed quite drastically from the late 1940s to the late 1980s. Much of the change was evolutionary. It was based in part on changes in AID policies and priorities and in part on the accumulation of knowledge. Evaluations found that some approaches to and methods of development management assistance were not effective in developing countries; others seemed to contribute to greater managerial capacity and more successful projects.

It should be kept in mind that each of these approaches to development administration evolved from perceptions of the needs and conditions in developing countries at different periods of time, and were in part the results of the successes and failures of previous attempts at improving administrative capacity in developing countries. But each also focused on different levels of administration, and placed a different emphasis on different administrative problems: organizational structures, administrative processes, the management of financial and technical resources, human resources and behavioral changes among development administrators, or policy and environmental factors. Table 7.1 provides a profile of the major theories or approaches of development management used in AID over the past three decades and categorizes them by their primary form of intervention.

Table 7.1 Focus of Intervention in Development Management Assistance Efforts

Institutional and Managerial Development Approaches	Focus of Intervention: Organization, Structure, Institutional Change	Change in Administrative Process	Improvement of Resource Input Management	Human Resources and Behavioral Change	Change in Contextual Factors
Tool-oriented Technology Transfer		X	X		
Community Development Movement	X	X			
Political Development and Modernization	X	X			X
Institution Building	X	X			X
Project Management Systems		X	X		
Local Action and Capacity Building	X			X	X
Organizational Development	X	X		X	
Behavioral Change	X			X	
Learning Process		X		X	
Bureaucratic Reorientation	X	X		X	X

Changing Trends in Development Administration

During the 1950s, U.S. development administration assistance was focused primarily on transferring managerial techniques and organizational structures that seemed to be successful in the United States to developing countries. The aim was to create rational, politically impartial, and efficient national bureaucracies in the Weberian tradition. U.S. foreign aid was invested heavily in establishing institutes of public administration in developing countries that would teach "modern" methods of management and through which the techniques and tools of Western administration would be disseminated.

During the 1960s, the emphasis shifted from merely transferring the tools of U.S. public administration to promoting fundamental political modernization and administrative reform. Development administration was viewed as a process of social engineering in which national governments assumed the primary role of stimulating economic growth, promoting social change, and transforming traditional societies. Much of AID's assistance was focused on finding ways of overcoming obstacles and breaking bottlenecks to development, especially by improving the management of agricultural, population-planning, small-scale industrial, and community development projects, and through educational reform, land redistribution and tenure reform, and road and infrastructure construction. A great deal of attention was also given to institution building as a way of strengthening the administrative capacity of organizations in developing countries to promote and institutionalize change. AID and other assistance organizations spent large amounts of money to bring people from developing countries to the United States for professional education in schools of public administration and political science, and to strengthen the capability of foreign schools of public administration for building institutions in their own countries.

Both the "Point Four" technology transfer and the political modernization and administrative reform approaches to development administration came under increasing criticism during the late 1960s and early 1970s for being ethnocentric and for attempting to transplant Western concepts of administration that were often irrelevant or inappropriate in developing countries. The "tool-oriented" approaches had transferred techniques that merely attempted to increase efficiency in carrying out routine maintenance tasks and did little to help policy makers and administrators to cope with the complex and uncertain problems of change in their own political and cultural environments. The administrative reform and institution-building approaches were often based on abstract theories that were difficult and expensive to implement. Assessments of attempts to implement them in a number of developing countries found that they often had little impact on stimulating change or restructuring administrative practices and behavior.

During the 1970s, AID's development administration assistance was refocused on improving systems management in agriculture, health and nutrition, population planning, and education and human

resources development sectors. Attention was given to modeling sectoral systems and providing technical assistance and training to improve management practices. AID's applied research, technical assistance, and training also heavily emphasized the management of projects as an integrated system or cycle of activities, and AID invested heavily in adapting project management systems used in U.S. organizations to the needs of developing countries.

With Congress's "new directions" mandate to focus U.S. foreign assistance on the needs of the poor majority in developing countries, AID's development management activities were again redirected. They sought not only to expand the capacity of organizations to manage projects and programs efficiently, but also to bring about a more equitable distribution of benefits. Greater attention was given to ways in which governments might alleviate the high levels of poverty in rural areas, elicit participation of the poor in project planning and management, and design projects to distribute benefits more effectively to "target groups." They attempted to organize projects to make them more appropriate to local conditions in developing nations so that the benefits could be sustained after projects were completed (Rondinelli, 1984).

More emphasis was placed on improving the capacity of public agencies to respond to the needs of the poor by providing basic services and facilities that would stimulate productivity and raise the incomes of disadvantaged groups and by creating conditions in which community, private, and voluntary organizations could take a stronger role in "bottom-up" processes of development planning. Means were sought to help development institutions cope more effectively with the complexity and uncertainty of development activities. The focus of training shifted from transferring "objective knowledge" to promoting action-oriented, organizationally based skill building in which on-the-job instruction, problem solving, and behavioral changes were emphasized.

During the early 1980s, AID further focused its assistance on promoting policy changes in developing countries, on transferring appropriate technology to increase productivity and raise the incomes of the poor, on promoting private enterprise as an alternative to direct government provision of goods and services, and on institutional development as a way of increasing the capacity of a wide variety of private, voluntary, and local organizations to participate in development. It sought to increase the capacity of central governments to strengthen the managerial performance of subnational institutions in program and project planning and implementation. Substantial investments were made in developing and applying process interventions for improving managerial performance and bringing about long-term organizational development. Applied research and technical assistance were also focused on ways of reorienting bureaucracies in developing countries to make them more innovative and responsive to the needs of beneficiary groups. A learning process approach emerged as a major strategy for managing social development programs and reorienting bureaucracies toward implementing "people-centered" development activities more effectively.

The Emerging Challenges in Development Management

In brief, AID has experimented with, tested, and applied a wide variety of management development theories in its technical assistance and training programs since the 1950s in search of the most effective means of strengthening institutions involved in development and of increasing the managerial capacity of people involved in implementing development projects and programs. The trend in theory over the past decade has been away from the Point Four approach used during the 1950s and 1960s, in which U.S. public administration principles and procedures were simply transferred to developing nations with little or no adaptation. It has moved much more toward an approach that examines the needs and conditions of beneficiaries of aid programs in developing countries, and tailors administrative and organizational solutions to them with their participation and collaboration. Theory has also advanced beyond attempting to bring about sweeping political and administrative reforms such as those reflected in the political modernization, community development, and institution-building movements. It now emphasizes narrower organizational interventions that can improve management and administration incrementally. The trend has also been away from attempting to expand the managerial capacity of only central government ministries and toward strengthening the managerial capabilities of local, private, and nongovernmental organizations. Finally, theory has moved from strategies that attempt strengthen centralized, control-oriented, comprehensive management systems toward those that try to create more flexible, adaptive, innovative, responsive, and collaborative methods of administration in which the intended beneficiaries of development programs can participate more effectively in planning and implementing them.

Emerging concepts of development management recognize clearly that the control-oriented systems approaches to project and program management, which may have been appropriate for capital

investment and physical infrastructure construction projects, may be neither effective nor efficient in projects promoting social change and human resource development. Projects aimed at promoting social and behavioral changes require a more strategic, adaptive, experimental, and learning-based process that is responsive to people's needs and desires (Rondinelli, 1983).

However, AID continues to use control-oriented management processes that attempt to anticipate and plan for all aspects of a project's implementation prior to its approval. It continues to rely on methods and procedures of project design, selection, and implementation that assume a high degree of knowledge about what needs to be done and of certainty in a world in which "the correct solutions" are not always clear—in which the only certainty is that there will be a large degree of uncertainty surrounding the most effective way of promoting economic and social change in developing countries. It makes use of methods developed primarily for capital investment projects even though the largest portion of its investment portfolio is in human development activities in agriculture, population, and education. It still relies heavily on transferring U.S. technology to solve social development problems that are not always amenable to technological solutions.

Thus the shifts in theories of development administration away from control-oriented approaches toward adaptive learning, local action, and assisted self-help have not been clearly reflected in AID management practice. Although the theory of institutional and managerial development has advanced over the past thirty years, nearly all of the approaches described earlier are still used—and have some degree of currency—within AID.

There has always been and continues to be a wide gap between the theories about how development projects and programs should be managed—many of which evolved in part through AID-sponsored research and technical assistance experience—and the procedures that AID actually uses to design and manage the vast majority of the projects and programs that it funds.

Closing the Gap Between Knowledge and Practice

One of the important challenges facing development administration theorists and practitioners is how to close the large gap that now exists between what is known about effective development management and current practice.

The degree to which AID can refine and apply the findings of development administration studies will depend on the degree to which the philosophies underlying them can be made more widely acceptable within AID, Congress, and the executive branch. The findings clearly conclude that the primary beneficiaries of assistance projects and programs should be the people of developing countries, and that AID's own project management procedures should be aimed at creating and sustaining the capacity of people to help themselves more effectively.

However, projects and programs aimed at building local capacity for self-sustaining development often require an approach to development administration that is not easily promoted through AID's "blueprint" procedures. Moreover, AID still operates in an environment in which foreign assistance is seen primarily as an instrument of achieving the goals of U.S. foreign policy and of transferring U.S.-made goods and technical expertise. Although strong and valid arguments can be made for both perceptions of the role of foreign aid, these two philosophies are not always compatible. Differences in philosophy underlie much of the debate over control-oriented and learning process approaches to development management.

Also, the perception that AID's comparative advantage is in the transfer of U.S. technology and expertise is still strong within the agency. The belief that it is the application of new technologies that lead to major economic and social changes, and that administrative or managerial improvement is either incidental or something that will come about through technologically led development, is still pervasive in AID. In many ways, more adaptive approaches to management improvement contradict the assumption that technology transfer will always solve development problems and that U.S. experts always know what needs to be done to improve the living conditions, increase the productivity, and raise the incomes of people in developing countries. AID's project cycle and its emphasis on detailed planning and design of projects prior to their approval clearly reflect the "engineering" approach to development, which was characteristic of the physical construction projects that AID sponsored through much of its early history.

This is not to say that the concepts of foreign assistance have not changed within AID since the Point Four period. They have. Nor is it to imply that AID's procedures of project and program management are so inflexible as to prevent the introduction and testing of new ideas. As this study clearly attests, AID has been a leading sponsor of research into new ideas in development management, and has pro-

vided opportunities to test those ideas in its projects and programs. Yet there is also a wide gap between the findings about how projects and programs should be designed and managed in order to build the capacity of people in developing countries to help themselves and the procedures that AID actually uses to design and manage the vast majority of the projects that it funds.

Criticisms of AID arise primarily from the dissatisfaction of advocates of two competing concepts of effective management. There are those who believe that foreign aid administration is a bureaucratic function that must be closely supervised and controlled in order to assure efficiency and effectiveness in the use of public funds to achieve larger political ends. On the other side are those who think that foreign aid's primary purpose is to improve the living conditions of the poor in developing countries, and therefore it must be managed in a flexible, responsive, and adaptive way.

AID's attempts to balance the mandates implied by these two perceptions often leave advocates of both dissatisfied. One calls for increased controls on AID's operations by Congress and the executive branch, the other insists that bureaucratic management is inappropriate and ineffective for promoting development.

More flexible, adaptive, and responsive methods of development management have been proposed increasingly over the past decade to replace existing control-oriented management procedures, which even AID's own evaluations find deficient. Yet, after more than a decade of criticism, progress in adopting new approaches to aid administration has been slow. Although the "performance gap"—which is usually considered essential by organizational theorists for bureaucratic change—is well documented, other obstacles seem to inhibit change in the AID bureaucracy. The difficulties of reconciling two largely incompatible perceptions of good management and the problems of adaptation and change in the AID bureaucracy are numerous. The political vortex in which AID must operate often creates stronger pressures to respond to demands for control in order to satisfy executive policy and congressional audit requirements, and in turn leads to difficulties in reconciling its bureaucratic and developmental tasks. The agency often applies what Simon (1960) terms "programmed decisions" to satisfy demands for control to development situations that require nonprogrammed responses. The high priority given to controlling operations often undermines or drives out the incentives for organizational learning about effective development management.

But a good deal of evidence from evaluations of AID operations suggests that the control-oriented management systems now used in the agency do not, in fact, give AID administrators effective control over project and program implementation. Although AID often requires large amounts of information during project design and approval stages, and frequently contracts for extensive studies during implementation, relatively little of that information is actually used for decision making in project planning and approval. Nor is it widely disseminated within the agency so that the AID staff can learn from it. The U. S. General Accounting Office (1982: 15) notes that "our review of AID procedures showed that AID did not have an effective system in place for collecting and disseminating information generated in the process of its own development assistance efforts."

In addition, studies by the General Accounting Office (1982) indicate that AID's management systems have not been effective in expediting the implementation or completion of projects. Only 345 projects begun after 1973 had been completed by 1981. Although AID had about $11 billion in funds obligated for projects between 1973 and 1981, the cost of the 345 completed projects totaled less than $1 billion. Between 1975 and 1981, delays in project completion increased the number of the agency's projects in the "pipeline" by more than 300 percent. By fiscal year 1982, AID had more than $3.1 billion in development assistance and more than $3.6 billion in economic support funds in its pipeline. Moreover, the GAO auditors found that "the length of time that project funds have remained unspent has increased significantly, going from an average of 16 months in 1975 to over a 23-month average in 1981."

Even if AID's management procedures were more effective in controlling the identification, design, implementation, and completion of projects, many critics argue that the very attempt to design projects in detail prior to their activation and to control stringently their implementation are inappropriate for development activities. Such attempts often have adverse impacts on intended beneficiaries. Development, they argue, is a process in which poor people and countries learn to help themselves so that they can solve problems without depending on external aid. But AID's control-oriented management procedures have encouraged the design of projects *for* people in developing countries, and usually without the participation of intended beneficiaries. As the representative of one private voluntary organization, which has served frequently as an AID contractor, emphasized in congressional testimony: "A proposal initiated by one group in a country usually is not ready for implementation until two years later when the people involved have changed." He argued that the "strange notion that planning of people-oriented proposals should be done by someone other than the group who will carry out the program imposes rigid and artificial designs which are usually not implementable and plans have to be done over by whoever gets the contract" (Taylor, 1984: 455).

Obstacles to Change in the AID Bureaucracy

As this review of AID's experience has shown, substantial evidence has been accumulating for more than a decade that AID's control-oriented approaches to project and program administration are neither effective in controlling aid activities nor appropriate for promoting economic and social change in developing countries. Alternatives have been proposed for nearly as long. Why, then, has there been so little change in the AID bureaucracy?

Some of the obstacles arise from the nature of the U.S. foreign assistance program and others from inertia within a large bureaucracy and from ineffective sanctions against poor performance. Obstacles to change also come from the perception that flexibilility will undermine congressional oversight and the ability to hold AID accountable for efficient use of funds, from insufficient demand by governments in developing countries, and from alleged misperceptions in AID and Congress about the nature of development management.

A major obstacle to change is the need in bureaucracies for well-defined operating procedures. Simon (1960) notes that organizations attempt to deal with routine, repetitive decisions through the application of models, standard operating procedures, and regulations that allow them to handle problems in a universal way and to maintain control over them. However, organizations must also deal with non-programmed decisions that are ill-structured, unique or uncertain and that require judgment, creativity, "rules of thumb," and heuristic problem solving. Sometimes the types of problems that an organization must deal with are misperceived to be programmable when, in reality, they are not. To a large extent, the development problems that AID must cope with are complex, uncertain, and unprogrammable. Its project cycle and procedures for designing, assessing, and implementing projects, however, are often programmed responses.

Part of the explanation for the intense criticism of AID is also found in different perceptions of the agency's functions. It was noted earlier that those who argue for stringent control often see the agency as an instrument of U.S. foreign and economic policy, while those who argue for more flexible and responsive management of projects see it primarily as an instrument for promoting social and economic development in poor countries. Often, the agency must respond to demands for greater control over its operations and its projects because the pressures to perform its political functions are stronger than those to perform its developmental ones.

The political nature of U.S. foreign aid is reflected in the fact that, although development assistance and economic support funds go to more than seventy countries, well over half is given to only nine countries in which the United States has strategic, military, or political interests. In 1984, for example, 62 percent of the nearly $4.5 billion allocated for development and economic support went to Egypt, Israel, Sudan, Pakistan, Turkey, Lebanon, Costa Rica, El Salvador, and Honduras. In that year, Egypt, Israel, Pakistan, and El Salvador alone received nearly half of the aid (McPherson, 1984).

Also, the belief that the transfer of technology and expertise is the primary means of promoting economic and social change is still pervasive in AID. And even if it were not, AID is politically obliged to show how foreign assistance benefits the U.S. economy. Thus about 70 percent of U.S. development assistance and economic support funds is now spent in the United States on purchases of U.S. goods and services.

Moreover, the argument that AID could not obtain funds from Congress if it claimed only to be experimenting, and unless it could show specifically what would be done and with what results, is a strong one in support of control-oriented management. The belief that AID must maintain an image of control and efficiency to obtain scarce funds from politically sensitive legislators for an agency that has a weak domestic constituency constrains the changes in procedures that its leaders are willing to advocate.

Merton (1940) long ago pointed out that when organizations must respond to strong demands for control, officials place strong emphasis on reliability in their procedures. This often leads to rigidity in behavior. Under such circumstances, only clearly defensible actions are taken within the organization even when more innovative, creative, and risky approaches may be needed. AID, like other bureaucracies, attempts to defend itself from criticism by instituting stronger controls over the allocation of funds, procurement, contracting, and management of projects.

Directions for Change in U.S. Foreign Aid

The review of experience with development administration presented in this book shows strong evidence that, if the U.S. foreign assistance program is truly concerned with improving the economic and social conditions of the poor in developing countries, it must begin to move toward more adaptive, responsive, and participatory approaches to planning and managing aid projects and programs.

The argument that such approaches are not yet operational is becoming less convincing as studies of more projects that were planned and managed in a participatory and collaborative manner with local organizations become available (Esman and Uphoff, 1984; Korten and Alfonso, 1982; Uphoff, 1986). Local action and learning process ap-

proaches have been used extensively and successfully for agricultural and rural development projects in Central America and Asia, and ironically, many were carried out by private or voluntary organizations funded by AID (Korten and Alfonso, 1982). Flexible and adaptive procedures have been used in carrying out rural water supply programs in Malawi, irrigation projects in Sri Lanka and the Philippines, and rural development projects in Bangladesh, Thailand, India, and other countries (Hafner and Rosenweign, 1984). In Latin America, a large number of projects have been implemented using participative action-learning approaches, and have often succeeded where large-scale government or international projects have had questionable results (Gran, 1983).

Nor is it clear that these methods are unsuited to large bureaucracies. The United Nations Children's Fund (UNICEF, 1982) has been using participative action-learning approaches in its "Urban Basic Services" projects in Sri Lanka, India, Peru, Indonesia, Mexico, Malaysia, Ethiopia, Ecuador, and several Central American countries, often with strong support from their governments. These projects are usually identified, plannned, and formulated collaboratively by community groups, government officials, and UNICEF advisors. Services are provided on a low-cost self-help basis, many project staff are selected by the community in which they work, and the activities are tailored to the conditions and needs of beneficiaries. The programs are planned and implemented concurrently.

In addition, studies of the Philippines' National Irrigation Administration showed that, with substantial training and bureaucratic reorientation, large government agencies can use action-learning and collaborative planning and management approaches effectively. The NIA has taken a strong role in assisting community irrigation groups to participate in planning and managing development activities (Korten and Carner, 1984).

AID officials' fear that Congress will not support such an approach to foreign assistance may also be overly pessimistic in light of the fact that Congress established in 1969, and continues to provide bipartisan support to, the Inter-American Foundation (IAF). This semiautonomous organization makes small grants to local private groups that help the poor improve their social and economic conditions (Bell, 1984). The IAF's trademark is experimentation. It supports a wide variety of self-help programs and projects, bypassing central governments and working directly with the poor. The beneficiaries themselves take the primary responsibility for project identification and design and for management and control of the projects' implementation. The IAF keeps its administrative costs low and

works with a minimum of red tape—attempting to approve or reject project proposals within ninety days. It follows up with supervision and technical assistance in a low-key but effective way.

Clearly, the adoption of local action and learning process approaches to the administration of foreign assistance projects would require substantial adjustments within the AID bureaucracy. Korten and Uphoff (1981) point out that action learning requires changes in bureaucratic structure and in the attitudes and behavior of staff. But it also implies changes in job definitions, performance criteria, career incentives, planning and management procedures, and organizational responsibilities. The reorientation would result in the use of strategic management, flexible and simplified planning processes, responsive reward structures, flexible but long-term funding arrangements, and differentiated administrative units that give attention to the needs of different groups of clientele.

Although these changes are unlikely to come about quickly in the U.S. foreign aid program, one incremental means of moving in such a direction might be for AID to distinguish among, and attempt to plan and manage in different ways, projects and programs characterized by different degrees of uncertainty, ignorance, and risk. AID could also rely more heavily on nongovernmental and private voluntary organizations—which usually have a stronger record of using participative, collaborative, and flexible procedures successfully—to implement larger numbers of smaller assistance projects. The agency would also have to decentralize decision making and control more effectively to its field missions, whose staff would spend more time facilitating this process of interaction.

Real progress in reorienting the AID bureaucracy toward more flexible, adaptive, and responsive approaches to administration might also require giving less emphasis to projects as instruments of development and giving more attention to sectoral and program support. The Swedish International Development Agency (SIDA), for example, provides financial aid to a particular sector such as health, education, or agriculture without specifying in advance the activities or projects for which it will be used. This gives the recipients the options of allocating funds to those programs for which there is the greatest need or that have the greatest support, and to adjust their development activities quickly to changing needs and conditions.

Moreover, the successful adoption of more flexible and responsive administrative procedures might also require that the management of development and food assistance be completely separated from economic support funds and security assistance. Since most of the countries that the United States is attempting to influence are receiving

large amounts of assistance in the form of security and economic support funds anyway, this approach would not really weaken U.S. leverage. In any case, little evidence supports the contention that development assistance, spread over a large number of countries in relatively small amounts as it now is, substantially influences whether or not governments in developing countries support U.S. foreign policy.

With the complete separation of development and security assistance, AID—as a development agency—could then be reorganized as a semiautonomous public corporation along the lines suggested by the Peterson committee in 1970 or along the lines of the Inter-American Foundation. This would give AID greater freedom to do what is necessary to promote economic and social improvements in the living conditions of the poor without being constrained by short-term foreign policy considerations. In this way, Congress could promote more flexible and responsive development assistance through AID, and still provide security assistance and economic support funds through a separate program to advance its foreign policy objectives without making aid a political weapon.

An Agenda for Future Research in Development Management

Whether or not AID accepts a "people-centered" philosophy of foreign assistance and development management, the agency will have to continue refining and retesting its current concepts and techniques of managment performance improvement and institutional development. Nearly all of its applied research indicates that there are still large gaps in knowledge about how to improve management performance in developing countries.

Among the most important research tasks are the following:

1. Refining the definitions of management performance and improvement and of institutional development in the wide range of cultural and political settings in which AID operates
2. Identifying the conditions under which management systems and control techniques are effective in improving project and program implementation and those under which local action, learning process, and "adaptive" forms of administration are more appropriate
3. Understanding better the role of informal processes of social interaction in development program and project implementation

4. Developing and testing appropriate research and evaluation methodologies and selecting appropriate "rules of evidence" for assessing the effectiveness of management approaches
5. Finding means of making the "learning process" approaches to management improvement more operational within the constraints in which AID must work
6. Assessing the effectiveness of institutional alternatives for implementing projects and programs in AID's high-priority sectors.
7. Applying more effectively the principles associated with "local action" and determining how to strengthen decentralized administrative arrangements in support of local action
8. Identifying and testing means of increasing bureaucratic responsiveness in institutions implementing AID projects in developing countries and of increasing AID's own capacity to respond more effectively to the wide range of conditions within which it must work in developing countries

Defining Management Improvement More Concisely

As the concept of development administration has changed in AID over the past thirty years, views of what institutions in developing countries should be doing to manage projects for economic and social development more effectively have also changed. The concept of management performance can be defined in many ways—as efficiency, effectiveness, responsiveness, or innovativeness—and can be measured by many different indicators. A danger often seen in the U.S. foreign aid program is the assumption that Western, "rationalistic" management techniques will improve performance in developing countries, ignoring the fact that management improvement may well be perceived, defined, and measured differently in other societies, cultures, and political systems. Thus far, AID staff and research contractors have used rather vague definitions of management performance improvement that may be so broad as to be meaningless, either for their own research or for formulating strategies of intervention in other societies and cultures.

More refined definitions of what management performance means can be generated from empirical and inductive studies of the countries in which AID is providing assistance and from among groups with different interests and perceptions within those countries. After more refined meanings of the terms are identified, measures or indicators must be developed that will allow AID and the or-

ganizations it assists to determine whether or not its interventions are in fact improving management performance.

Appropriateness of Different Approaches to Management Improvement

Additional research on the conditions under which management systems and control techniques are effective is also needed for improving project and program performance and those under which the learning process, local action, and "adaptive" forms of administration are more appropriate (Rondinelli, 1983).

The two strong streams of management intervention that are now being explored and used by AID—one that tends to rely heavily on improvement of management systems and controls, and the other that attempts to apply learning process and "adaptive" methods of organizational change—are not necessarily mutually exclusive, but they do differ in their underlying philosophies, basic assumptions, methods, techniques, and intended outcomes. AID's own project management system, which is reflected in the PBAR cycle and in AID's administrative procedures, is oriented toward the management systems and control process. As Herr (1982) has pointed out in his study of project management methodologies for DPMC, AID's approach to project management and those that it often prescribes in its training and technical assistance activities, tend to be top-down in orientation, focused primarily on the project as an instrument of development administration, concerned with the internal operations of individual projects, derived from "engineering" methods used primarily in physical infrastructure construction, and aimed largely at achieving efficiency.

Yet those who prescribe the local action, participatory, and learning process approaches question whether these assumptions and methods are the most useful in implementing programs effectively to achieve self-reliant and self-sustaining development. Montgomery (1980) makes a useful distinction between conditions under which management systems and controls can improve the delivery of routine services for the general public and those that require new and unconventional approaches to reach "special publics" and groups of the poor who are usually excluded from services needed to raise their incomes and standards of living. In general, public service delivery projects (those providing utilities, physical facilities, and infrastructure), management systems, and control techniques are more likely to be useful in improving management performance. The methods of analysis for decision making can be similar to those used for assessing the feasibility of economic investments. Engineering, technical,

and economic expertise can be useful. The primary tasks of management are "to develop suitable routines for continuing service and impact." The organizational structures most appropriate for providing such services are government agencies and ministries, parastatal organizations, public corporations, and special authorities. Management performance can be evaluated by the organization's record in providing services at acceptable costs—that is, by efficiency criteria.

But projects aimed at providing social services such as health, education, and family planning—and at helping special groups that have been excluded from access to services because they live in peripheral areas or lack sufficient income to pay for them—must be managed by more flexible and adaptive means. Montgomery argues that numerous small-scale projects based on careful diagnoses of local needs and conditions are likely to be more effective than large-scale, general purpose projects. Implementing numerous small and carefully tailored programs and projects requires new and different approaches to management. Decisions cannot be made by investment criteria. They must be guided primarily by recurrent social analysis and feedback—what Korten calls a "learning process" and what Rondinelli (1983) terms "adaptive administration." The expertise of the social sciences is needed; the methods of diagnosis must be participative and interactive. The primary implementation task in these projects, Montgomery argues, is to "develop procedures for maximizing public use and responses." Management performance is measured by "progress in meeting changing special public needs."

Although government agencies are still required to play an important role, dealing effectively with special publics or groups of the poor with unique charactersitics requires different procedures, attitudes, and behavior than is usually found in control-oriented bureaucracies. Special incentives must be given to administrators working in remote areas or among the poorest. The "cognitive distance" between government officials and the poor must be reduced through careful personnel recruitment and training. Moreover, paraprofessional staff, voluntary agencies, and organized special publics themselves may be more effective in reaching the poor than government bureaucracies. The most valuable function that government agencies can play in such situations is not to provide services directly, Montgomery contends, but to offer administrative resources in support of the work of more appropriate and effective organizations; that is, of extending their reach through unconventional means. Much of what AID has learned through its research into local action, integrated rural development, and learning processes can be used effectively to manage projects and programs of this kind.

However, an essential condition for using both the management control systems and the learning process methods that have already been developed in AID will be to identify more systematically the range of situations in which each can be effectively applied. Further research and field testing are needed to determine their uses and limitations in the wide variety of economic, social, and cultural settings in which AID works.

Understanding the Role of Informal Processes in Development Management

Much more research needs to be done on informal processes of social interaction in the planning and implementation of development programs.

Much of the attention of AID's contractors has been focused, since the mid-1970s, on building a case for learning process and local action as the preferred methods of institutional development. But little attention has been given to the processes and patterns of social interaction through which groups and organizations form the coalitions that allow action to be taken. Evaluations of development activities in a large number of developing countries indicate that informal processes of social and political interaction play a crucial role in the formulation of development policies, programs, and projects. Indeed, they may play a far greater role in influencing implementation than formal planning and management systems (Cleaves, 1974; Caiden and Wildavsky, 1974; Gordenker, 1976).

These and other studies also seem to indicate that many of the most successful administrators and institutions rely on various processes of informal and social interaction, either in place of or to supplement formal management processes (Grindle, 1977, 1980; Rondinelli, 1981; Bromley, 1981). They often use quite subtle and sophisticated methods of persuasion—information dissemination, public education, public relations, training, psychological field manipulation, and consultation and advisory processes—to influence other organizations in decision making. Studies have also shown the widespread use of what Lindblom (1965) calls methods of "mutual adjustment" such as tacit coordination, mediation of rewards and punishments, informal bargaining, negotiation, cooptation, coalition building, preemption, and authorititative prescription.

Lindblom (1965) suggests that processes of mutual adjustment are used most frequently (and are perhaps most valuable) under conditions in which it is politically difficult to define policy and program goals clearly, examine all alternatives exhaustively, identify socially optimal courses of action, and plan the implementation of policies and programs in detail. They are used most frequently when groups and organizations in a society have different goals, values, interests, or perceptions of the proper courses of action and when these differences cannot be reconciled simply through central control and coordination.

These are precisely the conditions that prevail in many countries where AID is funding development projects. Yet virtually no attention has been paid to these common forms of interaction through which managers and institutions pursue their interests. Consequently, little is known about how important these processes are in relation to formal management techniques in influencing management performance and institutional development or the degree to which they are used in conjunction with formal methods of management to implement projects and programs in developing countries. Clearly, indigenous informal methods of management will become more important if AID is successful in its goal of decentralizing decision making and administration in developing countries.

Applied research on this issue should attempt to identify and describe the processes of organizational interaction that have most frequently been used in AID project and program management, analyze the impacts of such processes on the effectiveness of project and program implementation, analyze the conditions under which social interaction processes can be used effectively either as substitutes for or as supplements to formal management techniques, and explore the implications for training administrators in methods of mutual adjustment in project management and program implementation.

Methods and Standards of Development Management Research

More attention must be given to developing appropriate applied research methods for the development administration research that AID sponsors and to identifying appropriate "rules of evidence" for determining the impacts of management assistance activities.

A debate has taken place within AID in recent years over the rigor of the applied research it has commissioned and the rules of evidence it has used to compare the outcomes of its development management assistance projects. The debate has often centered on the question of replicability—that is, whether the research and technical assistance are sufficiently well-structured and scientific enough to stand the scholarly test of replicability (two or more competent researchers being able to come up with the same results when observing the same phenomenon) on the one hand, and the pragmatic test of replicability (yielding results that allow widespread application of the project's results) on the other.

At one extreme, some critics argue that AID's applied research and field tests should be based on scientific methods such as those used in the physical sciences in which experimental and control groups are established to determine definitively the effects of management interventions. The objection to this argument is that AID rarely, if ever, funds projects that can be designed (and controlled sufficiently) to allow the impacts of interventions to be isolated and measured precisely. Strong arguments have been made recently that such research—or even rigorous social science variations of scientific methods—usually yield results that have had little or no influence on public policy making (Lindblom and Cohen, 1979; Wildavsky, 1979). It is more often the long accumulation of both "scientific" and "ordinary" knowledge, combined with the personal experience of those who participate in public policy making, that leads to changes in policy and action.

At the other extreme, some critics contend that scholarly standards of research and evidence are irrelevant to AID's needs; AID does not usually sponsor pure or original research. It most often sponsors "state-of-the-art" studies that review the findings of original research, and distill the implications for AID policy and technical assistance programs. Others contend that, if the local action and learning process approaches are indeed the most effective, each new development activity would be planned to meet the unique requirements of the intended target groups. Thus AID should not be concerned with replication in the conventional sense since it is unlikely that the conditions under which a project was successful would ever again be exactly the same. The objective of a learning process approach is not replication, but discovering how to tailor projects to the specific needs of different groups of people.

The methods of research and rules of evidence that are most likely to be useful to AID fall somewhere between these two extremes. AID has never shown much interest in "pure research"—USAID missions often complain that scholarly research is costly, time-consuming, abstract, and usually fails to address issues of immediate importance to them or to yield "action-oriented" policy and program implications. At the same time, even AID's most pragmatic field staff are unlikely to be convinced to adopt new methods and techniques of management improvement without some evidence that they will work.

AID must seek methods of applied research that both meet minimum standards of academic acceptability and provide guidelines for action. The challenge will be to promote an acceptable level of rigor in its applied research without inducing psuedoscientific rigor mortis.

Warwick's (1983) call for AID to adopt quantitative social science research methods comes close to those made during the 1960s for AID

to adopt systems analysis for sector program research and project design. Attempts to apply systems analysis models or quantitative statistical techniques for research and evaluation in AID during the late 1960s met many difficulties and, a decade later, were strongly criticized within the agency. Evaluations indicate that agricultural and health sector analyses done by using systems models met severe difficulties in obtaining adequate and reliable data, and analysts often had to use inaccurate, unrealistic, or greatly simplified assumptions to fit the needs of the research designs; few of the USAID mission staffs or the policy makers in developing countries understood either the research methods or the significance of the findings. Moreover, the systems analyses were found to be costly and time-consuming. They had little real impact, except in a few unique cases, on influencing program and project management (Rice and Glaeser, 1972). If AID adopted the suggestions that it use rigorous social science methods, research funds could be shifted to the kinds of modeling and quantitative analyses that Lindblom and Cohen (1979) claim to have not been very useful in other Federal agencies.

Montgomery (1983: 295) correctly insists that arguments over "pure" and "applied" research are meaningless in AID. He suggests that research contracted by AID should be structured with a "decision-overlay" in which the following kinds of questions are asked: "Does a given element of knowledge or new insight contribute to improved policy? More precisely, what are the potential uses of a given research output in a specific context in which AID operates? How would the knowledge produced by a research contract (1) change a preference or style of operation of an individual or group whose behavior is relevant to AID's mission? or (2) reaffirm a doubtful or challenged preference or style of operation for such decision makers?"

Montgomery recommends that research be structured so that it is useful to the four major "actors" in AID activities: AID's Washington personnel, USAID mission staff, national government counterparts who receive U.S. assistance and are responsible for allocating resources to and supervising development programs, and project managers and their staff who are responsible for operating decisions.

The research contracted by AID for improving development management is most likely to be applied policy analysis. Although good policy analysis shares some of the same characteristics of more rigorous scientific research, the two differ in significant ways. Wildavsky (1979: 397-398) argues that the purpose of policy analysis is to help people understand and cope more effectively with their own problems through social interaction. As such, policy analysis is a craft and not a science. "Craft is distinguished from technique by the use of constraints to direct rather than deflect inquiry," he points out, "to liber-

ate rather than imprison analysis within the confines of custom."

Good policy analysis, according to Wildavsky, compares alternative programs or courses of action by both their resources and objectives, and considers foregone opportunities. It focuses on outcomes and asks, "What does the distribution of resources look like, how should we evaluate it, and how should we change it to comport with our notions of efficiency and equity?" Good policy analysis, he contends, is tentative: "It suggests hypotheses that allow us to make better sense of our world." It promotes learning by "making errors easier to identify and by structuring incentives for their correction." Policy analysts must be skeptical and, therefore, use multiple and disaggregated verifying processes. Good policy analysis also "hedges its recommendations with margins of sensitivity to changes in underlying conditions." Finally, Wildavsky argues that good policy analysis examines problems in their historical contexts "so that error stands out ready for correction." Effective policy analysts remember people, "the professionals in the bureaus who must implement the programs, as well as the citizens whose participation in collective decision-making can either be enlarged or reduced by changes in the historical structure of social relationships." Policy analysis is most powerful and useful when it integrates the requirements of cognitive problem solving with those of social interaction. Thus this approach to policy analysis seems most appropriate for AID's development management research and evaluation activities.

Testing the Effectiveness of Alternative Organizations for Development Management

The effectiveness of alternative organizations and institutions for implementing development projects and programs in AID's priority sectors must also be analyzed and assessed. Research into organizational and institutional alternatives to the implementation of development activities by central government agencies also requires serious attention if AID is to implement successfully its management improvement strategies. In many developing countries, central bureaucracies are not the most effective organizations for implementing development projects aimed at promoting social change or alleviating poverty. Yet a large number of AID's institution-building projects have focused exclusively on central bureaucracies. A review (Barnett and Engel, 1982) of AID's portfolio of 659 institution-building projects that were implemented during the 1960s and 1970s found that 64 percent involved national ministries or agencies, and that the large majority of these provided assistance to national economic development and agriculture ministries and to central planning agencies. Only about one-third of the projects in the portfolio attempted to build the capcity of subnational and nongovernmental institutions.

As Moris (1984) has noted in a working paper for AID, much more must be known about the appropriateness of a wide variety of institutional and organizational arrangements, especially for promoting rural development. Many of AID's projects and programs have depended primarily on a national government ministry, a parastatal corporation, or a central rural development committee for implementation, many of which were neither effective nor appropriate. He suggests the need to explore a wide range of institutional alternatives including public corporations, educational institutions, multinational firms, indigenous enterprises, voluntary agencies, cooperative organizations, local administrative units, and government field agencies. Little systematic research has been done on determining the advantages and disadvantages of these institutions under different conditions and on developing criteria for making appropriate "institutional choices."

In order to apply effectively the principles of local action and responsive management, AID must also examine ways of decentralizing responsibility for the planning and implementation of development projects.

AID must identify the conditions that are necessary to create decentralized systems of administration that facilitate and support local action if that approach is to be used to develop administrative capacity. Research (Rondinelli, 1981, 1983; Cheema and Rondinelli, 1983; Rondinelli, Nellis and Cheema, 1983) indicates that developing countries have experimented with a variety of decentralization programs—deconcentration, delegation, devolution, and privatization—with mixed results. But the research on decentralization indicates that an essential factor in its success is the ability to create cooperative arrangements between central and local institutions and to reorient central bureaucracies from their traditional tasks of controlling and directing development programs to supporting and facilitating local action (Leonard, 1983). More research needs to be done by AID on ways of strengthening the "central-local interface" within the governments of developing countries.

Finally, means must be found and tested for increasing bureaucractic responsiveness to the needs of citizens in general, and the poor in particular, in planning and implementing development projects. AID's own project planning and management procedures must be made more flexible, and USAID missions must become more responsive to the social, economic, and physical needs of the intended bene-

ficiaries before the agency can convince the governments receiving U.S. foreign aid that their bureaucracies should be more responsive to their citizens.

Development Administration as a Craft

In summary, although much has been learned since the inception of the U.S. foreign aid program in 1947 from research, technical assistance, and training about the effectiveness of alternative approaches to development administration and managment, much still remains to be learned. Economic and social development is still an uncertain, complex, and risky venture. The task of improving development administration must be approached, therefore, with realism, flexibility, and humility.

Perhaps the most important lesson that can be drawn from a review of AID's experience with trying to improve development administration is that, like Wildavsky's concept of policy analysis, *management too may be neither a science nor an art, but a craft.* Useful procedures, tools, and techniques can be taught and applied, but alone they no more allow a manager to achieve better administrative results than they enable a sculptor to carve a more beautiful statue or a cobbler to fashion a more comfortable pair of shoes. If management is really a craft, then tools and techniques are only effective if they are combined with skill, creativity, judgment, and experience. Although lessons of past experience can be useful in guiding action in the future, they must not be seen as universally applicable rules that invariably lead to success. The manager, like the craftsman, must know intimately the materials with which he or she works. A good craftsman must have access to the proper resources, operate in an environment in which his or her work is valued and rewarded, have the skill and imagination to use known methods and techniques appropriately and creatively, and have the experience and judgment to fashion new tools as the need arises. Some aspects of a craft can be improved with expert assistance and training. But lasting improvements in performance depend ultimately on the commitment, motivation, and perseverence of individual craftsmen.

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