

Managing Development Programs: The Lessons of Success

Samuel Paul



Managing Development Programs

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Managing Development Programs: The Lessons of Success

Samuel Paul

Why do some development programs succeed while so many others fail? What role do managerial and institutional innovations play in program performance? Dr. Paul's comparative analysis of six successful development programs selected from Asia, Africa, and Latin America provides important answers to these questions. The study shows that a clear focus on a single goal or service; decentralization; the use of network structures and beneficiary participation consistent with the complexity of the program environment; and highly adaptive planning, monitoring, and motivation processes are among the common features of the six successful programs. The design and orchestration of these and other elements were facilitated by the relative autonomy of the programs and by the continuity and commitment of their leadership.

There is no dearth of studies of failure in the field of development, points out Dr. Paul, but studying failure does not necessarily lead to insights into the positive management actions and institutional innovations that have led to successful programs. This study, the first of its kind to focus on high performers, is unique in the lessons it offers on the strategic management of development programs.

Dr. Paul is professor and former director of the Indian Institute of Management, Ahmedabad, a leading center for management education and research in the developing world, and has been a chief technical advisor to the International Labour Organisation and a visiting professor and research associate at Harvard University. He also is an expert advisor to the UN Commission on Transnational Corporations. Among his publications are *Industrialization and Management* and *Managerial Economics*.



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Samuel Paul

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Preface

This book is about the management of development programs. My interest in this subject was stimulated by the opportunities I have had in recent years to observe both public enterprises and development programs in India and several other developing countries. The field experience of the Public Systems Group, a research and training group at the Indian Institute of Management, Ahmedabad, convinced me of the need to cut across the sectoral orientation so common among development planners and analysts. An opportunity to try out my ideas presented itself when I left the directorship of the Institute and took a leave of absence to work at the Kennedy School of Government, Harvard University. I am grateful to Dean Graham Allison of the Kennedy School for inviting me to undertake a research project on "Public Management in Developing Countries", financed partly through a grant from the Rockefeller Foundation to the University. The present book owes a great deal to the support of these institutions and the Indian Institute of Management.

Two colleagues provided me considerable intellectual and emotional sustenance while I was at the Kennedy School. Professors John D. Montgomery and Robert E. Klitgaard advised me on many aspects of my research, commented on my draft papers, and kept up my spirits as I moved back and forth between my extended field visits and spells of writing at the Kennedy School. Prof. Klitgaard and I jointly taught a Harvard Seminar on "Public Management Innovations in Developing Countries" in which all my new case studies and theoretical papers were tried out. I am grateful to him and my student friends who contributed much to the development of my ideas. I am deeply indebted also to Prof. James Austin and Dr. David Kortan for their advice and support at different stages of this study.

To Dr. Laurence Stifel, I owe a special word of thanks. He nurtured my ideas and provided many opportunities for testing out my research methodology and findings. Persons who assisted me in the course of field visits are too many to mention by name. Needless to add this book would not have been possible without their cooperation and support.

At the Indian Institute of Management, where I did part of the writing upon return from Harvard, there are many whose support I should acknowledge. First of all, I am grateful to Dr V.S.Vyas, the Institute's Director, for granting me a long leave of absence. Several colleagues have commented on the manuscript and discussed a summary paper in a specially organised seminar. To Professors S.R. Ganesh, R.S. Ganapathy, P.N. Khandwalla, Jay Satia, and Ashok Subramaniam, I am deeply grateful not only for their helpful comments, but also for tolerating my continued demands on their time. I learnt a great deal from them. However, none of these friends in India or abroad have any responsibility for the errors that remain in the book.

Finally, I should like to thank Ravi Acharya and Revathi Srinivasan for their excellent editorial assistance, Betty Miele, my secretary at Harvard University, and Arti Sharma, my present secretary, for their efficient support in the different phases of this project, and G.D. Patel and Ajay Shah for their assistance in the preparation of diagrams. My wife, Lily, and children, Neena, Mohan, and Annie deserve a special word of appreciation for their endurance of my long periods of absence and our rather unsettled state of existence while this international project was in progress.

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1

Introduction

The performance of development programs in the Third World has attracted considerable international interest in recent years. The focus of the discussion, for the most part, has been on the economic, financial and political factors relevant to these programs. In this book, we shall explore a neglected dimension - the role of management interventions in development programs. For reasons which will shortly be explained, the focus of the study will be on the high performers among development programs. The basic questions we shall investigate are two : what are the management and institutional interventions associated with successful development programs? What lessons can we learn from their experience?

It is well known that development programs and their outcomes are influenced by a number of variables of which management is only one. The environment in which a program operates, the techno-economic and human resources available to the program, and the degree of political commitment and support behind it are among the major influences in any setting. The rationale for the focus on management interventions in the present study is the growing realisation in international circles as well as developing countries (DCs) that problems of management and institutional development are hurting program performance, and that this phenomenon has not received the attention it deserves.¹ The fact that nearly fifty percent of the annual budgets of many DCs are devoted to financing a wide variety of development programs and projects adds to the significance of the study.

The basic raw materials for the analysis presented in this book have been drawn from a set of relatively successful development programs selected from different parts of the Third World. This approach is in sharp contrast to the dominant trend among students and observers of public policy and management, whose primary concern has been the study of failures. Perhaps this trend reflects the general conclusion that public programs in DCs are, by and large, low performers. In a recent study of a dozen public interventions in DCs, Grindle and her co-authors have narrated the dismal outcomes of several development projects.² In a survey of the rural development programs and projects in Africa, Lele has come to a similar conclusion and highlighted the environmental and policy

related factors responsible for poor performance.³ A recent ESCAP report on India's rural development administration has commented on the generally unsatisfactory record of that country's numerous rural development interventions under public auspices.⁴ Siffin, in an incisive analysis of the US technical assistance programs to improve public administration in DCs, has lamented the insignificant impact such efforts have had over the past two decades.⁵ A recent United Nations publication has summarised the sense of pessimism that prevails in the developing world:⁶

Unfortunately, the promised deliverance has not been achieved, or at least not fully achieved. The elusive key which would turn off the source of conditions that generate poverty has not been found, a fact which has prompted much expression of frustration and disaffection. The Economic and Social Commission for Asia and the Pacific summed up the resulting mood of countries in the region when it recently pointed out the "deep concern and moral indignation about conditions of poverty within their countries and of the limited effectiveness of existing strategies" for implementing development programmes for rural areas.

Surprisingly, the recurring theme in most studies of development programs in developed countries is also strikingly similar. Scholars who have investigated a wide variety of U.S. public programs have drawn attention to their dismal record of performance.⁷ They have attributed poor outcomes to problems of both policy-program design and implementation. An important by-product of these studies is the growing emphasis on building implementation analysis into the policy-program design process.⁸ It is being increasingly realised that policy choices and program designs will lead to desired outcomes only when they take into account the problems and politics of implementation. The U.S. public programs which have been extensively analysed are from sectors such as education, health, urban development and housing, and are intended to benefit the poorer sections of the society. The limited capacity of the Federal Government to influence action at the local level, problems in organising cooperative action on a large scale (the complexity of joint action), the inability of the poor to mobilise themselves in relation to programs, and over-ambitious or inappropriate program designs are among the reasons for failure identified by most analysts.⁹ Similar assessments of public interventions in the United Kingdom have also been published.¹⁰

Are scholars and analysts in both developing and developed countries unduly harsh in their assessment of public programs? Perhaps there is some truth in the belief that failures attract more scholarly attention than successes. An anatomy of failure is unique in the opportunities it offers the critic to put forth his(her) ideas, with hind-sight of course, on what should have been done to optimise program performance. On the other hand, even if we allow for the normal human tendency to focus on failure, it is not unlikely that the dominant trend in the literature reflects, by and

large, the reality of development program performance in many countries.

What accounts for the poor performance of public interventions on the development front? There was a time when in many DCs, the absence of macro economic planning was regarded as the prime cause of the malady. National planning commissions or authorities were set up in many countries to formulate development goals and programs and allocate scarce resources among the relevant sectors, aided by the use of economic models. While this approach was valuable in terms of giving a sense of direction to development efforts and setting sectoral priorities, it was soon found that allocations and targets were of little avail in the absence of well-designed and properly selected projects and programs. In a survey of development planning Waterson has observed:¹¹

By far the greatest number of failures to carry out public sector projects and programs at reasonable cost and in reasonable periods of time are traceable to inadequate project selection and preparation. Few less developed countries are fully aware of the necessity for selecting soundly conceived projects with potentially high yields, defining their scope with clarity, estimating their national currency and foreign exchange requirements with a sufficient degree of accuracy, and laying down realistic schedules for their execution; fewer yet have the administrative capacity and the political will to cope with these needs and, especially, to carry out plan projects and programs in accordance with carefully developed programs of action.

An important response to this problem was the increasing use of project appraisal methods and cost-benefit analysis in many countries. International donor agencies played a major role in promoting this approach on a large scale. International aid was invariably tied to specific projects, and it seemed logical to ensure at the planning stage that beneficiary projects were viable in socio-economic terms. Even countries which did not practise macro planning have adopted project appraisal methods with considerable enthusiasm. Project appraisal manuals were widely disseminated by national and international agencies, and special units for project analysis were set up in many countries as part of various government departments and ministries.¹²

As experience with development planning accumulated, leaders and planners in DCs began to realise that macro and micro planning were not sufficient conditions for optimal project or program performance. Even in the heyday of macro planning, it was suspected that performance had something to do with the management of projects and programs. As one observer put it:¹³

It is normal for economists to be more interested in the internal content of an economic plan than in the planning process as such. It is the plan as a document which embodies the problems that are interesting to economic theory - the form of the planning model, the handling of the variables, given assumptions, projection techniques, target and policy variables, parameters of behaviour, etc. It is in the formal preparation of plans that the particular expertise of economists is most useful.

The establishment of a planning process is an exercise of quite a different character. Here the problem is not one of producing an internally consistent and analytically elegant document. The task is to spread the planning habit, establish rational economic calculation as the common norm for decision-making, and have this accepted by those responsible for making decisions. It is a problem of organization and management.

That development tasks called for administrative reform in several areas soon began to be recognised in government reports and speeches by leaders. The growing concern about the problems in implementing and managing development programs probably reflects the wide spread frustration with poor performance on the development front and the fear on the part of governments that both macro and micro planning will remain ineffective as long as these problems persist.

A STUDY OF HIGH PERFORMERS

If public management is indeed a major problem, the exclusive focus on the study of failures may well be somewhat misplaced. Undoubtedly there is much to learn from the experience of low performers. But, by and large, such studies are more useful in identifying the errors to be avoided than the positive approaches to be adopted. The removal of obstacles does not necessarily ensure performance.¹⁴ This is especially true in the field of management and implementation which are action oriented by their very nature. There is considerable evidence to show that successful management interventions and practices cannot be deduced or predicted from an analysis of failures or poor performance. Innovative approaches stem from discontinuities and not linear projections. That is why the prescriptions derived from such studies often fail to offer adequate guidance for action. In understanding the nature of public management and developing insights for improving the performance of development programs, therefore, there is a strong case for investigating the experiences of high performers. In the terminology of statisticians, this approach is tantamount to studying the "right tail" of the frequency distribution. In most economic and social analyses, the focus is on the "mean" of the distribution as the analyst is interested in understanding or predicting the average or representative behaviour of whatever phenomenon or population is

under scrutiny. The tails of the distribution or "outliers" are treated as an aberration and the attempt is to minimize the distortions they create in estimating the central tendency.

There are, however, many problems in the study of which the right tail rather than the mean is of primary concern.¹⁵ In agricultural research, for example, scientists typically concentrate on the best seedlings raised in the nursery and ignore the average and the poor. Their objective is to understand the features of the exceptional cases and learn how to replicate them. In drug research also, very similar methodologies are used. Psychologists study key myths in detail and not all myths as a basis for understanding more clearly the mental processes operating to a lesser extent elsewhere. Klitgaard, who has examined this question from the standpoint of educational research, argues that often the study of exceptional performers may be more meaningful than an analysis of averages when the need is to identify the characteristics of high performers in order to replicate or adapt them, understand the underlying processes which tend to be less clear in average situations, and avoid the over-simplification arising from the analysis of averages. These are reasons which seem to apply equally well to the management of development programs.

The focus of the present study will, therefore, be on the management interventions of exceptional performers in the field of development. The unit of analysis will be the individual development program. Ideally, the study should have investigated both successes and failures. Though no case studies of poor performers will be attempted as part of this study, we propose to draw upon existing studies and use available evidence for comparison wherever relevant. We suspect however, that the insights and understanding to be gained from high performers will be far more valuable than the incremental gains to be derived from further investigations of low performers about whom we already know a great deal. Our exclusive preoccupation with exceptional performers is therefore deliberate, and designed to redress an imbalance which has been a dominant feature of the literature on development.

This approach in no way implies that performance is determined solely by the quality of public management. We would readily concede that planning, both macro and micro, has a strong influence on outcomes, although it is questionable whether the tendency to treat micro planning and management at the program or project level as discrete and separate entities is meaningful. Among other variables often highlighted as critical to performance are political support and commitment, economic resources and leadership. Again, there cannot be any disagreement as to the importance of these variables. Without strong political commitment and power sharing arrangements, no public program can go very far.¹⁶ Allocation of adequate resources to a program often reflects political commitment at the top. The quality and motivation of the leader or top manager in charge of the program also will make considerable difference to its performance. However, we also know that these are not sufficient conditions. There are many poor performers among development programs which apparently had significant political support behind them. Many programs which were well endowed in terms of resources

(adequate capital and technology) have performed indifferently. There are program leaders who in spite of their charisma and other personal qualities were unable to achieve high levels of performance. In the context of the present study, we shall treat these variables as enabling factors. They are complementary to "management" which is the missing link in many investigations. When programs perform poorly, it is possible that the positive influence of enabling factors is negated by ineffective or inappropriate management interventions. It is equally plausible that the management interventions were appropriate, but were neutralised by the inadequacies of the enabling factors. It would seem, therefore, that the two are complementary and must reinforce each other in order to optimize performance. Successful programs are likely to be located at the intersection of these two sets of variables, namely, political commitment and other enabling conditions on the one hand, and management and institutional interventions on the other. A study of the management interventions associated with high performers is potentially more rewarding as the presence of enabling conditions help "demask" the real managerial processes at work. The development programs selected for study in this book have been characterised by strong political support at the national level and adequacy of economic resources. However, since our objective is to isolate and understand the nature of management interventions associated with them, we shall not probe the underlying political and economic influences. Many others have investigated political processes and economic efficiency issues in the context of development programs and projects in a variety of countries. In fact, it could be argued that the efficiency of resource use tends to reflect the quality of management and is therefore not independent of it.

It is necessary at this stage to define the term "development program". Since this is a term which will be extensively used in this book, it is useful to clarify its meaning and scope in some detail. We shall also briefly explain the methodology used in identifying and selecting the exceptional performers among development programs for study and the organisation of the book in the concluding section of this chapter.

THE NATURE AND SCOPE OF DEVELOPMENT PROGRAMS

Development programs are creatures of the state. Their growth and popularity in most DCs could be directly attributed to the increasing role of the state in development. It was the recognition of governments that "development tasks" called for strategies and organisational forms different from those relevant to their "maintenance tasks" that led them to initiate programs and projects with identities of their own. The term "development plan" has been used in the literature to denote the total set of government programs spelt out in the national development plan of the country. The unit of analysis in our study, however, will be the individual program which is a part of this total set. We shall, therefore, use the term "development program" to denote any identifiable

program initiated and managed by the government with a view to achieving specified development goals or outcomes. The nature of expected outcomes may be economic, social or a combination of both.

Agriculture, industry, public utilities, health, and education are examples of important sectors of the economy in which development programs of a wide variety have been undertaken in DCs. Programs have been organised by governments to promote the development of specific food crops, industries, social services, and infrastructural facilities such as roads, power and communication. Development programs have also been organised with a deliberate strategy to cut across diverse sectors of the economy. The recent trend towards the creation of integrated rural development programs involving multiple sectors reflects the growing dissatisfaction in many DCs with the side effects of growth oriented development policies and the belief that more complex program designs with a sharper focus on the rural poor are needed to achieve growth with equity.¹⁷ Depending on the nature of the tasks involved, programs may assume varying degrees of complexity in terms of their scope and organisational form. Programs which are meant to serve large segments of the public may have structures that work through the federal, state, and local levels of government and organisational arrangements to cover all regions of the country (eg., population programs and health services). A program whose focus is the development of an isolated backward region or the development of a crop unique to a single state may be more limited in its scope and organisational complexity.

Development programs are usually spawned at the national level and tend to operate through sub-programs which are designed to cover different geographic regions such as states, or different functions and groups of services. The sub-programs in turn may consist of a series of discrete, interrelated or sequential projects and/or a set of elements which together constitute a relatively permanent delivery system. What is important to note is the fact that the implementation of the program is expected to occur in most cases through its location and service specific components which interface with the clients or beneficiaries of the program in different locations. An agricultural or small industry development program, for example, may deliver its services through units set up in locations close to the farmers or entrepreneurs scattered in different parts of a region or country.

Development programs as defined above need to be differentiated from the conventional and routine operations and services provided by government departments (eg., revenue collection), as well as projects set up as temporary systems or experimental efforts within government departments in developing countries. The focus of most of the studies in development programs, for example, has been on development projects which are of a pilot nature or confined to limited areas in DCs.¹⁸ One reason for the dominance of this project orientation is the role of aid agencies which tend to design and promote pilot projects or limited area projects, though major institutions such as the World Bank have been involved in larger programs of an ongoing nature. The development and management of national or regional programs to replicate pilot project results are usually the responsibility of the DC governments. The relatively

limited involvement of donors in the larger programs might be one reason for the comparative neglect of the problems of their management. Pilot projects and limited area projects are to national programs what research and development (R&D) projects are to a large corporation. The product that the corporation sells to the public may have resulted from an R&D project. But the corporation's problems of managing the commercial production and marketing the product are distinctly different from, and often more complex than the problems of managing its R&D project. Similarly, the management problems of a large development program are not the same as those of the pilot project which supplies the "product" to be replicated by the former.

By neglecting the study of the larger, national programs of DCs, researchers might have ignored an important class of public management problems.¹⁹ This leaves a gap to be filled as the replication of project results will eventually occur only through the medium of larger programs in most cases. The final test of the success of pilot projects should be the extent to which they are replicated or adapted on a national scale in DCs. In a study of selected pilot projects in developing countries, an author once concluded that they were successful because their technical findings were promising. Further investigations, however, showed that none of the countries extended, adapted, or replicated these projects. It is difficult to attribute success to these projects when they had failed in the final test!

In spite of the growing role of the state in economic and social development, we know much less about "public management" as against "enterprise management". This paradox is in part due to some features which are unique to the public context.²⁰ First of all, it is important to note that the "bottom line" is more fuzzy in the public context so that the search for appropriate management interventions does not receive the sense of urgency normally present in the private sector. Often, development programs are launched to compensate for the existence of "market failure". But in the process, the programs may assume monopoly power and in the absence of competitive or market indicators, measurement of efficiency becomes a casualty. Program performance is then viewed in terms of adherence to procedures. Cost control and the application of efficiency criteria normally associated with the discipline of the market place become low priority concerns.

Second, since development programs are government supported and initiated, they are vulnerable to political pressures and interference which may conflict with their originally stated goals or charter. The management of the programs within the bureaucratic structure which in turn is subject to political control as well as public scrutiny adds to this problem. Multiple and conflicting goals and demands get foisted on programs. Overmanning and low productivity get institutionalised. The costs and consequences of these trends get masked by the fuzzy bottom line feature referred to above.

Third, development program outputs tend to be services the demand for which may have to be mobilised. Their clientele are generally unsophisticated masses who need to be organised and influenced in effective ways. Whether it is the promotion of new seed varieties and extension to small farmers or family planning and nutrition to illiterate and poor households, it often becomes necessary for the program to build credibility among clients, promote public response, and adapt the services to meet the local conditions. This is in sharp contrast to the standardised products and services promoted by enterprises operating in protected markets and the routine functions performed by the "maintenance" departments of the government. The provision of developmental services therefore calls for a setting that permits some measure of autonomy, risk taking, and personnel who are sensitive to client needs and are motivated enough to work together in well knit teams, and if necessary, with a network of organisations. These are not features one encounters in the hierarchically oriented bureaucratic setting which spawns and supervises development programs. The means and resources required to make programs perform and the flexibility needed to adapt them to changing environmental conditions are seldom available to the public manager.

This brief discussion of the nature of development programs offers us some useful insights into the complexity of their management and the reasons why successful management interventions in this area are not plentiful. It appears that public and private managers differ significantly in the degree of control they exercise over their choice of goals, resources and environments. Those who lead development programs seem to face more severe constraints in respect of goals, means, and their ability to orchestrate the two.

In light of the foregoing discussion, we list below four distinctive features of development programs:

Policy Sanction. Normally, a specific legislative enactment would have preceded the creation of a new development program. There is thus an authoritative decision of the government behind every program.²¹ In countries which have national development plans, an executive decision will suffice, as the national plan of which programs are a part already has legislative approval behind it.

Development Focus. In contrast to regulatory programs whose developmental impact might be indirect, development programs are expected to generate economic and social outcomes (measurable and immeasurable) consistent with national development goals such as income growth and distribution, and improvement in the quality of life. The nature of their tasks is such that the discipline of the market is not an adequate framework for planning and controlling their operations.

Organisational Identity. A development program will be characterised by an identity of its own in terms of an organisational structure, budget and personnel. Even though the program may be under the administrative control of a ministry or department of the government, it should be possible to identify it by reference to a relatively permanent organisation with its own structure, and

assignments of tasks and responsibilities, and reporting relationships. They could thus be differentiated from temporary systems and experimental projects whose life cycles are short.

Replication. The program's mission tends to be the replication or adaptation of a "developmental product" or "service" over the entire country or some of its constituent regions for the benefit of a specified client group. The developmental service need not be a physical commodity. It may be a system designed to deliver a product or service within a specified geographical area and determined by the techno-economics of the sector or sectors and the existing geographic and organisational conditions. Thus in a health program, the service is not the set of individual health services (which are, of course, of direct concern to the beneficiaries), but the system designed to assemble and deliver them at the village, sub-district, or district level, whichever is the appropriate unit of operation. Similarly, it may be misleading to define the output of a dairy development program as the supply of milk. Its service might well be the interrelated system which has been developed to integrate the set of services for the production, processing and marketing of milk for the benefit of specified client groups. It is this system which a pilot project tries to test out, and a national program usually is concerned with its replication and adaptation over large areas.²²

Most development programs have three distinct phases in their life cycle, though chronological overlaps between phases is possible. The pilot phase is the initial period when a product or service is being designed or adapted. This may or may not precede the formal launching of a national program. The replication or adaptation phase begins when the program is extended from the pilot area to other parts of the country. It is this phase which offers the maximum challenge to the strategic and operational management of the program. The growth in the size and complexity of the program due to spatial expansion is not a dimension on which real experimentation is feasible in the pilot phase. Once a program has completed its replication phase, it moves into a maturity phase. Depending on the nature of the service, the maturity phase may take one of three alternative forms. (1) it may continue indefinitely as the service is needed on a permanent basis (e.g., the generation and supply of electricity, health services etc.) (2) it may be terminated as the service is no longer required or because the beneficiary groups or private agents are able to take over the functions being performed by the program (e.g., agricultural extension and input services, family planning, etc.) (3) the program gets diversified, taking on new tasks, but carrying on the original services as part of its broadened mandate. For example, a population or health program may diversify to provide nutrition services without giving up its original services. The problems of management tend to be particularly severe during the replication phase because of the "scaling up" from the pilot phase, and the maturity phase if the program happens to adopt the third alternative.