

## **6. A FRAMEWORK FOR MANAGING DEVELOPMENT AID IN BANGLADESH**

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### **6.1 INTRODUCTION**

Developing countries have been the recipient of official Western aid for several decades. Bangladesh has figured prominently in the flow of these resources. Unfortunately, even after twenty-five years since the country's inception, its development record is rather dismal and refutes the central rationale for economic aid: that without aid Third World countries cannot progress at a reasonable rate or progress at all. What is quite disconcerting is that after receiving substantial development aid, the problems of poverty, unemployment, underemployment, food scarcity, malnutrition, poor health, disparities in the distribution of income, and related concerns have not been alleviated. It is true that there are more infrastructural facilities such as rural roads, schools, health complexes, irrigation equipment, and power generators than what was available at the inception of the country. Paradoxically, however, there are more malnourished and undernourished people, more deaths due to hunger and health problems, low levels of literacy, more crimes, and so forth. In effect, development aid appears to have had a marginal, if any, impact on the country.

The variety of explanations regarding the marginal effects of development aid include, among others, the politicization of aid, the use of unsuitable external models, a weak human-resource base, overvalued exchange rates, increased domestic money supply, etc. This paper addresses another vital area--managerial constraints--that continues to stand in the way of effective utilization of development aid. In this regard, it has been pointed out that promising pilot efforts have suffered when extended on a wider scale either because a key manager could not be hired or because of "system overload." The World Bank also attributed the failure of aid projects to deficiencies in utilizing appropriate managerial and administrative personnel in the projects. Other studies have indicated that poor project performance was largely due to weak planning agencies, inappropriate administrative structures, and the inability of the projects to deliver required services. Lack of supervision, undefined job descriptions, and related managerial problems have also been identified as factors that have been an encumbrance to the effective utilization of aid.

The management of development aid must begin at the highest policy planning level where national development priorities, and not whatever concessionary loans that can be obtained, should determine the type and amount of aid that the country should seek. This calls for aid policy that:

1. Channels aid flows into priority development areas.
2. Is based on a negotiated settlement that addresses interests of both parties, i.e., the donors

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and the recipients. (It is important to recognize that aid and donor interest are often intertwined).

3. Ensures that the aid can be used (i.e, fits the country's absorptive capacity).
4. Ensures that there will be long-term gains rather than marginal short-term (visible) gains only.
5. Can develop and/or take advantage of local skills.
6. Minimizes any burden that could accumulate from receiving aid and have future and far-reaching adverse economic and social consequences.

Only after the policy makers are committed to these broad policy perspectives should efforts be directed to the management of development aid. A model that builds on five essential components is proposed for managing development aid and is outlined as follows.

## **6.2 MANAGING DEVELOPMENT AID**

### **(a) Objective Setting**

The starting point for managing development aid is in the establishment of a hierarchy of objectives. This concept is illustrated in Annexure 1. In essence, this hierarchy endeavors to alleviate the confusion that often exists in identifying the right goals. The framework is also helpful in distinguishing:

1. Between short term and long term goals.
2. Among goals appropriate to different organizational, program, or project levels, and
3. Among goals appropriate to different tasks or functions.

It is important to recognize from the hierarchy that different levels of objectives need different degrees of specificity and precision. Many details that are relevant in the short-term and at lower levels of the hierarchy can often clutter the long-term picture at higher levels. The hierarchy thus creates a common language by which managers with different tasks in different parts of a program or project can better understand one another and coordinate their efforts.

Closely related to the hierarchy of objectives by time periods is the hierarchy of management levels diagrammed in Annexure 2. Each level must define its objectives at the appropriate degree of detail and coordinate these with the objectives at the other levels. The pyramid structure suggests that managers at upper levels should not and cannot deal with the volume and variety of information generated at the lower levels. It should also be understood that once objectives are specified, managers at all levels must be allowed to operate with enough autonomy to enable them to focus on their tasks.

The objectives that are set at the different levels of the management hierarchy can be strengthened by applying the criteria for identifying and specifying useful objectives. This criteria is provided in Annexure 3.

A final requirement for setting useful objectives is that of participative iteration. Because writing clear and meaningful objectives cannot usually be accomplished on the first attempt, this procedure should lead to writing a series of increasingly better statements of objectives which should gain increasingly broad approval and commitment of personnel at the various levels. Iteration is also useful in resolving conflicts, identifying and improving weak statements, and finding language that serves differing internal and external needs. It also allows different stakeholders to make explicit their legitimate claims in the program and strengthens the sense of "ownership" of the participants at different levels of the hierarchy, creating conditions for them to make potentially valuable contributions.

### **(b) Developing Management Plans**

A glaring deficiency of most development aid projects is the lack of explicit attention to project management. In other words, vital details are left out in project documents that fail to assign responsibility and ensure accountability. It is important, therefore, that project documents incorporate the following elements:

- i) Develop project organization charts.
- ii) Name responsible government agencies involved with specific projects.
- iii) Name responsible government officials by title or name.
- iv) Specify the roles and skills required to achieve project or program goals.
- v) Name responsible donors or their agents' officials overseeing the projects.

It is imperative to include these elements in the management plans to establish "accountability" for effective, on-time, and on-budget performance. Without defining the management structure in explicit terms, it will be impossible to establish project management guidelines that facilitate effective implementation and control of the inherent project activities. In the early stages of developing the management plans, it may be difficult to identify and name specific persons with defined responsibilities. This is all the more reason to exercise care in :

- a. Naming responsible people and positions to carry out the required activities effectively, and
- b. Stating the skills and qualifications needed for each project position or role which can then guide the recruitment process.

In addition to developing a project organization chart, each project's management plan should include a table showing the requested persons or positions and the percentage of time each person has agreed to commit to each phase of the project. This should help:

1. Establish accountability
2. Develop a realistic budget, and
3. Identify possible overloading or under-loading of key persons.

The management plan should also indicate how the project will seek assistance from persons, groups, or organizations outside the proposed project organization. Finally, it should indicate how the project will be kept on schedule in the event of major changes in project organization (e.g., retirement or transfer of key project staff). Some of the more important questions to ask in setting up the management plan are as follows:

1. Is the project staffing adequate?
2. Do the staff possess the required skills?
3. Will they be able to devote enough time to the project?
4. Are responsibilities of project staff clearly defined?

### **(c) Developing the Workplan**

The third step in designing projects for effective utilization of development aid requires developing a workplan. This is a schedule of activities that should reflect immediate or short-term objectives (i.e., monthly targets or annual project plans). In so doing, it should indicate the timing of the different critical activities, the desired outputs, and the persons, groups, or individuals responsible for the activities to achieve the immediate or short-term objectives. In turn, these objectives should fit into the long-term objectives. The workplan should be relatively detailed for the foreseeable, early tasks of a long project. It may also define later tasks generally but still define specific points in the project when it will become possible and reasonable to translate general plans into specific plans.

The first step in developing the workplan is to list the major activities of the project, along with a designation of responsibility, desired output, and time frame (beginning date and duration).

The second step is to break down the major activities into workplan details. In this step, each of the major activities should be further broken down to include distinct but more minute details of each major activity along with the assignment of responsibility and specification of time schedule. The main purpose of this step is to assign tasks to specific persons, groups, or organizations to whom responsibility and accountability are assigned for completing the major activities, and for the purpose of developing a realistic budget, since each activity must have certain assignable costs. More specifically:

1. Project activities should be grouped into logical and manageable phases.
2. Each phase should begin with a discrete task dedicated to detailed work planning, that should lead to the identification of a series of detailed steps.
3. Each phase should end with a small but discrete step dedicated to management review.
4. Work plans should be amenable to periodic replanning to respond to changing conditions in the economic, social, and political environment.

In the final step, a bar-chart should be drawn on a weekly or monthly time-scale as a visual aid to monitoring project activity schedules and to determine whether the timing of each activity conflicts with others.

#### **(d) Developing the Financial Plan**

The activities in the workplan should serve as the basis for budgeting. To carry out each activity requires the coordination of men, materials, machines, and moment (time) which can then be translated into money (the budget) terms. The overall project budget can be estimated from each activity in the workplan and categorized under personnel, training, equipment, subcontract, and miscellaneous categories.

The personnel budget should be categorized as International Staff, Local Staff, and Administrative Support Personnel. Training should be categorized as Fellowships, Workshops, Seminars, Study Tours, Meetings, Courses, and Other. The plan should also indicate how many of each training component will be undertaken, their timing and duration (from the workplan), and subject matter. The costs of each training program should be estimated. Project activities may also need to be supported by specific equipment to facilitate project work. Such equipment can be categorized as expendable and non-expendable. Items of each category should be listed to fulfill procurement and budgetary requirements. The time when each equipment is needed by the project must be specified along with the costs of each item. The sponsor, provider, or financier of the items must also be identified. Determination of exact costs may sometimes be difficult. However, efforts must be devoted to specifying realistic costs with the help of experts, suppliers, or other users. It may also be useful to subcontract parts of the project to external agents for reasons of quality, cost effectiveness, competence, access etc. This activity should also be budgeted if anticipated. Finally, miscellaneous costs should be budgeted to include components such as maintenance of equipment, reporting and printing costs, sundry expenditures, and travel. The travel components should be further broken down into project transportation, mission costs, travel/per diem of project personnel, etc.

The project plans should identify and justify all the different sponsored inputs which are required for achieving the immediate objectives of the project. Without proper and realistic justification, project approval may be delayed because provision of funds is not automatic as soon as a project document is submitted. All requested inputs must be logically justified so that they can serve as strong negotiating points. This would also help avoid unnecessary and time-consuming adjustments by the donors and aid agencies.

#### **(e) Developing Future Plans and Related Activities**

This step should be used to suggest possible continuation of several activities at the end of the planned project. It must be indicated whether such activities will be self-sustaining or will need any assistance to maintain continuity. This will make the sponsoring organization aware of the need for further support if the proposed project produces successful results and help in allocation of funds in future.

This step must also indicate how the outputs of the project would be put to use. For instance, if there is a training component, it must be specified how the trainees will be used or where they will

be placed after they have completed their training. Unless this is done, the entire purpose of training may be unfulfilled. For equipment obtained, specific details of where and how they would be used should be included. Thus, the future plans should bring together the various project components and outputs together in building a future perspective.

### **6.3 Conclusions**

Development aid and the variety of projects it supports can be wasteful and unable to deliver tangible benefits if its objectives are not clearly specified, management plans are not in place, and workplan details are not established. The financial plans and future anticipated projects must also be linked to these activities. Clearly, harmonization of these activities are vital to the successful utilization and management of development aid. Individual projects have to be harmonized at the next higher (Directorate or Agency) level. The task of coordinating these projects at the Ministerial level becomes more complex. In the final analysis, the highest planning body (Bangladesh Planning Commission) must synchronize and orchestrate the programs of different Ministries to achieve national goals. At each level, if the proposed management model is adopted, development aid is likely to contribute better to the country's development goals.

## ANNEXURE 1: The Hierarchy of Objectives

**Vision Statement**  
(20-year perspective: Better life and health for Bangladeshis)

**Long-term Plan**  
(5-year plan: Developments of institutions and capabilities for health delivery)

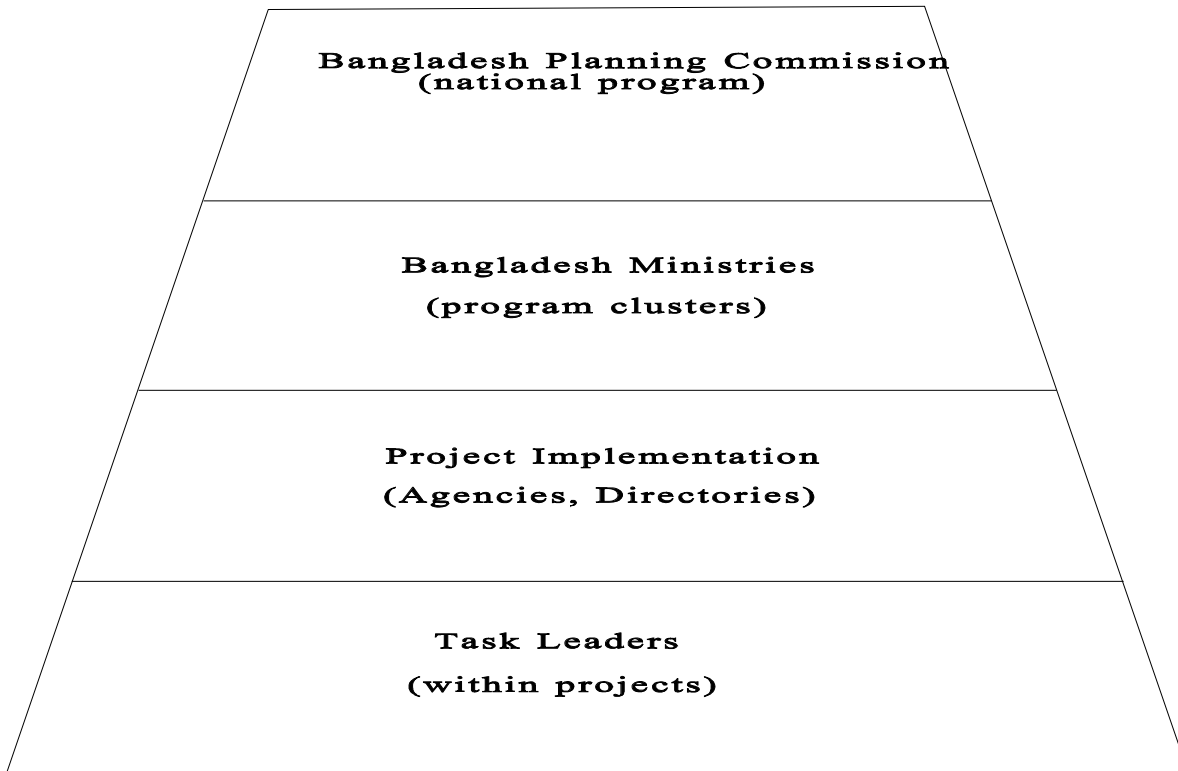
**Intermediate Plan**  
(2-year plan: Completion of Major Project Components)

**Annual Project Plan**  
(Completion of Activities in each major project component)

**Monthly Targets**  
(Completion of specific activities with measurable outputs)

Details of funds, steps, staffing, and deadlines increase as subsequent levels of the hierarchy are reached.

## **ANNEXURE 2: Hierarchy of Program Management**





### **ANNEXURE 3: Criteria for Developing Useful Objectives**

1. Results-Oriented?

Is the output of the project or task specifically described, preferably in numbers? Can the objectives be seen and verified objectively by others?

2. Degree Specified?

How much is to be achieved (in terms of financial targets, physical targets, percent changes, etc.)

3. Time Dependent?

Are deadlines for achieving targets specified?

4. Requirements for Success Identified?

Have the resources, circumstances, and obstacles likely to affect the achievement of the objectives been identified and assessed?

5. Related to Other Objectives?

Do the activities and results have a logical place within the hierarchy of objectives?

6. Commitment of Relevant Managers?

Have responsible managers of the project or task made a commitment in writing to execute the proposed work on time and within budget?