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DPMC

Development Project Management Center

An international cooperation and resource center that supports project design and management in developing countries.

PROJECT MANAGEMENT SYSTEMS IMPROVEMENT

PHASE ONE: AGREEMENT BETWEEN
THE MALAWI MINISTRY OF FINANCE
AND THE U.S. AGENCY FOR
INTERNATIONAL DEVELOPMENT/MALAWI

10/12/84

EXECUTIVE SUMMARY

MAY, 1984

*Excluded from Howard U's Health
Project in Malawi.*
CP

U.S. Department of Agriculture
Office of International Cooperation and Development
Technical Assistance Division

In cooperation with the

U.S. Agency for International Development
Bureau for Science and Technology
Office of Multisectoral Development

Development Project Management Center

The center operates under an agreement between the Agency for International Development (AID) and the U. S. Department of Agriculture (USDA) with funding from AID project 096, Project Management Effectiveness. The center's full-time staff provides consultant services and technical materials to institutions in less developed countries. The center also maintains a skill bank of consultants with expertise in various areas of project planning and implementation who are available for short- and long-term assignments. Located in the Technical Assistance Division of USDA's Office of International Cooperation and Development, the center is able to draw upon a wide variety of agricultural specialists to complement its work. In addition, through the AID project, the center has a collaborative relationship with the National Association of Schools of Public Affairs and Administration and can draw upon a wide range of development administration specialists.

Further information can be obtained from:

The Development Project Management Center
Technical Assistance Division
Office of International Cooperation and Development
U. S. Department of Agriculture
Washington, D.C. 20250
Telephone: (202) 447-5804

USAID Missions may contact:

Office of Multisectoral Development
Bureau for Science and Technology
Agency for International Development
Washington, D.C. 20523
Telephone: (703) 235-8860
Telegram caption: ST/MD

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Claudia Liebler
Merlyn Kettering

Development Project
Management Center

Office of International
Cooperation and
Development

U.S. Department of
Agriculture

ACKNOWLEDGEMENTS

The initiative for project management improvement on USAID/Malawi projects with the GOM is forward-looking and unique. To be successful its planners and implementors must have vision and determination. The success of Phase One is due to the involvement and hard work of many persons.

The support within USAID was very positive. Mr. Sheldon Cole, USAID/Malawi Representative, recognized the importance of improving project management and supported Phase One of this effort. His keen support is indicative of his commitment to a quality development program in Malawi. Mr. Murl Baker, USAID/Malawi Project Officer, provided the initiative as well as critical day to day leadership during the duration of Phase One. His devotion in working sessions contributed to the quality of the conceptual and operational agreements achieved for the design of project management systems. Mr. David Garms, USAID/Malawi Program Officer, contributed his ideas and helped shape the direction of the effort. The support staff at USAID was particularly helpful and efficient, especially in preparing the many working documents required, usually at very short notice.

The support of the Government of Malawi was very positive. In the Ministry of Finance, Mr. J. R. Phiri, Under Secretary of Treasury, gave his full support. His staff was available for many working sessions and he provided invaluable guidance and insights. Mr. Trevor Chande, Officer for Bilateral Honor Programs, gave freely of his time and energy to ensure that the effort had the appropriate involvement of GOM representatives and to participate himself in all working sessions. Mr. Chikadza and Mr. Mandara from the Office of the President and Cabinet (OPC) provided a valuable perspective on the GOM development planning processes. Other representatives from MOF, OPC and the Ministries of Health, Agriculture, and DLVW also contributed their perspectives and experience to the project management initiative.

It has been a pleasure to be involved at the early stages of this project management systems effort. We look forward to comments on this report and the working papers.

Merlyn Kettering
Claudia Liebler
Development Project
Management Center
USDA/OICD/TAD
Room 4301 - Auditors Bldg.
Washington, DC 20250

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EXECUTIVE SUMMARY

I. BACKGROUND AND PURPOSE:

USAID/Malawi is proposing an ambitious increase for AID's contributions in Malawi's Development Program on the underlying premises that the program can increase substantively without a corresponding increase in USAID direct hire staff. The AID strategy is to develop a set of "programming interventions" that allow greater flexibility in responding to Malawi's development needs but does not increase its project management burden. The USAID is in transition toward roles of "analysis, policy dialogue and programming." The new USAID strategy calls for better integration with the Malawi Development Program and Malawian institutions emphasizes (i) long-range assistance in development policy, planning and programming (ii) undertaking projects in key development areas requiring institutional change and (iii) responding to severe shortage of key economic resources.

This transition presents opportunities and challenges. The strategy presents a distinct shift from past approaches here in which USAID typically has maintained high control of its projects, managing them at the operational level from identification through implementation and evaluation. Project management responsibilities will now be carried out primarily by the Government of Malawi and contractors or other intermediaries.

A management development strategy is being defined in collaboration with the Government of Malawi for more effective project management and monitoring systems for USAID-financed projects. AID staff and resources will be restructured and refocused at the conceptual and strategy levels while greater operational responsibilities will be assumed by host country institutions.

The initiative in development programming has been wisely complemented by a unique initiative in development management. This is consistent with the themes of the recent Round Table on Donor Coordination which include identifying and resolving implementation problems and bottlenecks; assistance in strengthening local capacity for development planning and other fields of management at the operational, programming and policy levels; and keeping administrative requirements and demands for routine information at a minimum.

The overall goal of this initiative is effective development management in Malawi, particularly improved project implementation. To achieve project purposes and higher level goals the development of more effective, integrated management systems will be carried out in several phases. The initial phase is to define an overall project management, monitoring and implementation system in general terms, and to focus specifically on plans for the project management systems within the Ministry of Finance (MOF) and USAID/Malawi, and roles of MOF and USAID with respect to USAID-funded projects.

The immediate purpose is to develop, with USAID and the Government of Malawi, mutually acceptable project management systems which can effectively handle an expanding portfolio of USAID-financed projects. The project management systems will:

- (i) provide unified project direction, coordination and implementation decision making, and
- (ii) define project implementation, monitoring and supervision responsibilities for the oversight agent.

It was with these needs and opportunities in mind that USAID/Malawi contracted with the Development Project Management Center (DPMC) of the Office of International Cooperation and Development (OICD) of the U.S. Department of Agriculture to assist the Government of Malawi and USAID/Malawi in the design and implementation of improved management systems.

II. THE NEED FOR BETTER DEVELOPMENT PROGRAMMING

A sound development assistance program and sound project management systems must anticipate the direction and guidance necessary for achieving both the immediate project goals and the goals of the larger, more comprehensive programs of the sponsoring organizations. The urgency to ensure immediate, and one can say "apparent" project success is often at the cost of long-term development goals.

Development projects represents one of the primary vehicles for transfers of resources and technologies; development programs are linked to the advancement of the policy goals of both developing and developed nations. Successful implementation of development projects is critical to the economic growth of less developed countries. Successful implementation is also a key to international relations.

Yet there is a common myth that projects are not very difficult to manage. The fact is, quite to the contrary, many development projects are difficult to manage successfully. The managers assigned to many projects are qualified as technicians, but are inexperienced as managers. The management component of many projects is often overlooked or neglected during design, and management requirements are amended to initial designs at the last moment. Ambitious objectives are expected with limited or scarce resources; innovative technologies and changes are introduced; groups and organizations are mobilized which have often not previously worked together effectively; uncertainty and risk may be high.

Frequently, for example, the first year or two of project's existence, few of its ultimate pay off objectives are addressed. Rather the tests of project success are whether initial planning is being completed, staff requirements being met, equipment and supplies ordered and infrastructure contracts awarded. This has been an issue with many development efforts including parts of the past USAID program. This tendency is what the present project management systems effort attempts to avoid.

A balance between immediate impact with its high visibility and long-term institutionalization and transference of skills must be struck. These two sometimes conflicting sets of goals must be addressed early in a project's existence. The USAID/GOM project management systems effort will attempt to improve project management and therefore increase the likelihood that projects will be successful in reaching their objectives and that institution building, integration and self-sustaining development take place.

USAID's management concern must not be limited to only reducing the burden of operational management and maintenance of administrative procedures on procurement and contracting. A truly effective developmental program must encompass achievement of project and program goals, program coordination with Malawi institutions, the management improvement objectives, and coordination requirements with other donors.

III. THE MANAGEMENT IMPROVEMENT STRATEGY

A core working team was established with representatives from the Ministry of Finance, the Office of the President and Cabinet and USAID to agree upon the basic framework and preliminary steps of the Project Management Systems Effort.

The PMS framework and strategy developed with USAID and the GOM during Phase One is primarily focused upon post-approval project implementation. Implementation start-up is emphasized as the most important point in the total project cycle for influencing management systems. However, eventually attention must also be given to the pre-approval phase because processes and expectations are set in motion which impact heavily upon project implementation.

Implementation start-up is a "window of opportunity" that is often overlooked in the haste to get projects moving. Project plans developed during the pre-approval process are usually not adequate for implementation. Often key implementation persons, and often contributing organizations have not been adequately involved in the planning. Initial plans can be unrealistic and lack sufficient detail to move into the complex realities of implementation. Therefore, project implementation can be used to focus on the development of commitment and realistic plans among the key agencies involved in carrying out the project. Implementation planning can be the key to successful project implementation.

The project management system (PMS) is one of the most important output of implementation planning. For each project the PMS must, merge the procedures and requirements of the donor and the host country institutions throughout the Project Implementation Process. The PMS has three primary users - the donor, the host country government, and the project itself. The interests of all three must be satisfied. Even though the interests and procedures of the donor and the host country vary, the shared interest and investments they have in the project that unite them. Therefore, the focal point of the PMS is the project itself.

A PMS is more than the procedural requirements, documents, reports, legal and official reviews and approvals. A PMS is the process by which the above are defined, used and revised within a project-specific context. A good PMS has both adequate documentation and a participative process - a process driven by the priority of achieving project objectives. At the core of the process are the agreements, negotiations and consultations which merge the organizations involved in project implementation.

A primary responsibility of donor agencies is to ensure that funds are being properly and prudently used in the pursuit of agreed upon objectives. Since USAID does not carry out projects itself, but relies on intermediaries, such as universities, contractors, voluntary organizations and private entities for actual execution of its projects, it must depend upon reliable management information and systems establishment and monitoring for accountability and management. Consequently, AID's primary role is as a planning, financing and monitoring agency. USAID/Malawi's new initiative for management improvement is entirely consistent with this role.

IV. PHASE ONE AGREEMENTS

The specific purpose of Phase One was to define an overall project management, monitoring and implementation system in general terms, focusing specifically on plans for the project management system within MOF and USAID. The strategy for achieving management systems improvement development and integration is based on the following six principles of effective project management systems:

- 1) The key entities must have shared goals, frameworks and strategies
- 2) Collaborative processes for planning and management must be in place
- 3) Implementation management approaches and methods must be well defined and communicated to all relevant parties
- 4) Malawian management systems must be strengthened
- 5) Management information requirements must be established, clearly systematized and communicated
- 6) Clearly defined and agreed upon roles and responsibilities need to be established for all aspects of project management.

With these six principles in mind, the GOM-USAID core team with the assistance of representatives from the Ministries of Agriculture and Health and the Department of Land Valuation and Water, reached agreements on the basic approaches, systems frameworks and techniques for project management.

1. The key must entities have shared goals, frameworks and strategies. The following steps were taken to ensure that USAID and MOF have shared goals, frameworks and strategies.
 - * Agreement was reached on basic premises of project management and management development.
 - * Agreement was reached on an analytical framework for organizational structures and management patterns for development projects.
 - * A framework was drafted for institutional and administrative analysis of organizations that will host USAID projects.
2. There must be effective and agreed upon collaborative processes of planning and management. The following steps were taken to ensure better collaboration:
 - * A schedule of activities for AID planning was agreed upon in general for the next two years.
 - * MOF and OPC participation in the general processes of planning for specific projects at the Project Identification Document, Project Paper, and contractor selection stages were agreed upon.
 - * Project Implementation Review processes by USAID and the MOF were agreed upon, as well as Program Review Meetings.
3. Implementation management approaches and methods must be well-defined and communicated to all relevant parties. The following steps were taken in this respect:
 - * An implementation Management Checklist was developed with the critical project management elements identified.
 - * Project Pre-implementation Workshops will be used to establish sound technical and management foundations, to establish project management systems and for better project execution.
 - * Team Planning Meetings would be used for better management of long-term and short-term technical assistance.
4. Malawian management systems must be supported and strengthened. Steps taken in this area were:
 - * Agreement was reached that management components would be designed into projects as appropriate.

- * It was decided that project designs would be analyzed for appropriate organizational structure and management patterns.
 - * It was agreed that the project management improvement effort would enter a second phase with much more involvement of the technical ministries.
5. Management information requirements must be established, clearly systematized and communicated. Steps taken in this respect are:
- * Clear understanding of need to differentiate information needs for the executive, managerial and operational project level was established.
 - * Draft proposed formats and agenda for Project Implementation Reviews were developed.
 - * Agreement was reached on basic premises of establishing an improved project management information system.
6. Clearly defined and agreed upon roles and responsibilities must be established for all aspects of project management. In this respect, agreements were reached on:
- * The roles of MOF and OPC relative to USAID project planning, analysis and approval were clarified.
 - * The roles of officials within USAID were negotiated and defined with respect to project planning on one project.
 - * USAID will use functional responsibility charts for further clarification of roles and responsibilities for project planning and management.

V. NEXT STEPS

An action planning session was held with technical ministries (MOA, MOH and DLVW) and with MOF, OPC and USAID. The purpose of the session was to define Phase Two goals and strategies.

Phase Two should be seen as a set of interrelated activities following from Phase One.

The key activities are project pre-implementation workshops for new project start. These will be used to develop realistic workplans, define and reinforces project management systems and enhance team commitment to the project. An MOF representative defined Phase Two as follows:

"While Phase One has been oriented to defining terms in general, Phase Two should concentrate on specifics. While Phase One has been primarily USAID/MOF/OPC effort, Phase Two should try to define relationships between implementing agencies and MOF/OPC and USAID. The entire effort can be viewed as a project with Phase One representing the planning stage and Phase Two the implementing stage"

There are broad implications for the USAID-GOM project management improvement effort. Implementation problems are being faced by many USAIDs. Some of the management improvement techniques and concepts incorporated in the approach being developed by USAID/Malawi have been tested in other countries including Jamaica, Thailand, Mali, Portugal, the Sahel and the Eastern Caribbean. Others techniques are quite unique. The program here will test their applicability and adaptability to a still wider application for the agency. The effort has a potential for developing and refining an approach minimizing problems which plague development project's implementation world-wide.