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Report*

**PRELIMINARY APPRAISAL OF THE
INCAP INSTITUTIONAL STRENGTHENING
PROJECT (IISP)**

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SUMMARY

The IISP has been under implementation a little over 18 months, the half-way point of the project. This brief appraisal indicates that INCAP efforts and actions to meet the objectives of the IISP have been remarkably effective. INCAP staff, while running its normal programs, has made comprehensive changes in policies, management practices and structure, and has reorganized and reduced staff. All these changes are directly related to the Institute's Strategic Plan as reflected in the IISP, which used the same plan as the basis for its design.

Accomplishments to date include:

- a reordering of program priorities, the addition of three new program areas, and the reformulation and strengthening of five continuing programs;
- negotiations scheduled to conclude in April to set up an endowment;
- well advanced plans for science and technology transfer beyond those included in individual projects;
- a much improved financial management system able to provide timely information to management and donors;
- the installation of new computerized information systems (for project monitoring and a scientific data base to supplement the already functioning budget system);
- nearly completed studies and terms and conditions for the marketing of INCAP services; and
- the completion of the curriculum for the new postgraduate program which will accept twenty students in September 1993.

Weaknesses or shortfalls in IISP implementation appear to have more to do with the recentness and comprehensiveness of the changes than any fundamental problems with the direction INCAP is moving. INCAP appears to be actually putting in practice the strategy promulgated in 1990 and made central in the AID-supported IISP. At this point in IISP implementation it appears that the long-term efficiency, relevance and viability of INCAP have quite a good chance of being assured by actions now definitively underway. To achieve this, however, INCAP will need to negotiate successfully through a period of financial instability when AID-IISP funding ends in 1994. The irony of this situation is that while AID has made possible the changes INCAP has so ably begun to make, the brevity of AID's support may place in jeopardy INCAP's ability to follow through.

**PRELIMINARY APPRAISAL OF THE INCAP
INSTITUTIONAL STRENGTHENING PROJECT (IISP)**

A. PURPOSE OF STUDY

To document in a preliminary fashion the status of implementation of the AID/ROCAP INCAP Institutional Strengthening Project (IISP), with particular reference to factors of sustainability including financial resources development plans and financial management practices. This seven-day study was also designed to assist INCAP to prepare for an AID evaluation of the IISP scheduled for May-June 1993.

B. METHOD

Study of strategic and annual plans, program and financial documentation, interviews with program work groups and individuals, and limited financial systems testing.

C. INTRODUCTION

INCAP's mission is to apply science and technology to assist in the solution of regional food and nutrition problems; it has over 40 years of experience, a strong track record and a history of diverse donor support. AID has long been a major funding source of INCAP. However, in 1990 it became clear that changing priorities and financial realities dictated that AID could no longer plan to support INCAP at levels of previous years.

Two closely related challenges were identified by AID and INCAP: 1) overreliance on AID funding and 2) the transformation of INCAP into a self sustained entity by creating a focussed service portfolio and a diversified client base overseen by a greatly reduced staff.

With its support of the IISP, designed in 1990, AID agreed to provide three years of financing to allow INCAP time to make attitudinal, administrative, structural and financial changes. AID "core" support will be phased out entirely at the end of the IISP. However, as part of the IISP, AID agreed to support INCAP's exploration of the idea of setting up an endowment, and perhaps providing endowment funds which would, of course, have the effect of providing some interest income for years after the 1994 termination of the IISP.

The approach described by the IISP is to enable INCAP to link its technical program performance to its ability to secure and manage its financial resources. The expectation in doing so was

that while INCAP continued its mainly public sector programs to help Central American countries address food, health and nutrition challenges, it would also pursue other strategies for raising funds. Indeed INCAP is closely tied to public service; it is supported by PAHO, and its Board consists of the Ministers of Health of its eight member countries. But commercial opportunities are seen as necessary to INCAP's ability to sustain itself in the longer run. Overall, AID's strategy in formulating the IISP was to help INCAP develop the planning, management, technical and marketing skills 1) to effect the diversification and stabilization of its portfolio of funding sources and 2) focus these on key problems in the region.

IISP PURPOSE: Strengthen INCAP so that it can sustain itself as a relevant, effective and viable institution without AID core financial support through at least the year 2000.

IISP GOAL: Reduce infant and child mortality, improved food security and nutritional status among nutritionally vulnerable population.

Key dates

Project Authorization Signed: June 28, 1991
PACD: June 30, 1994 with probable 6 month extension.
INCAP initiation date: October 1, 1991 per INCAP documents.
Interim Evaluation-May-June 1993
Final Evaluation: June 1994
Callier departure: July 31, 1993

Financial Data

AID Total Grant: \$4,400,000
INCAP contribution: \$2,134,000
USAID Add-ons:(up to) \$2,000,000

D. ANALYSIS

The IISP specifically focussed on strengthening three components of INCAPs overall operations: 1) Strategic Planning and Management, 2) Financial Resources Development, 3) Technical and Technology Transfer. Each of these areas of IISP focus are commented on in this section.

1. Strategic Planning

a. Background

In its early years INCAP focussed largely on scientific research on food and nutrition but with little relationship to ministries or other institutions implementing health and nutrition

programs. Gradually it became involved in training programs in health, nutrition and food technology and providing technical assistance to health ministries. INCAP went through some hard times in the early 1980s--internal and external crises having to do with staff defections when the staff's international status was withdrawn, and political turmoil in the region--but weathered the period and emerged late in the decade rebuilding staff and growing. This growth peaked in 1991. In June of that year INCAP had a staff of 321 and an overall annual funding level of \$7,078,000, over two thirds of which derived from project support by 25 outside funding sources.

The size and diversity of INCAP's portfolio was reached with no explicit strategy directing its overall functions and objectives or means of financial support. Like so many other institutions, INCAP had responded on an ad hoc basis to project opportunities.

b. Findings

INCAP began to try to address strategic matters in 1988. Since that time INCAP's own Directing Council and some external donors have encouraged INCAP to develop a more comprehensive perspective on future institutional development and service.

Thus as the Institute struggled to manage its largest program portfolio ever, continued to refurbish its scientific and technical excellence, and reorient its emphasis from research to include technology transfer, it mobilized to develop a strategic plan. This "Institutional Strategic Plan 1991-2000," published in September 1990, is a comprehensive and ambitious conceptual framework describing the mission of INCAP and its willingness to adapt to changing conditions. A process for and timeframe of developmental and structural changes is included in the document.

Fundamental changes identified include:

- the completion of the shift from research to action-oriented technology transfer,
- the shift from being mainly project responsive to insuring projects follow strategic considerations associated with the mission statement,
- the shift from a centralized to country-based capacities to respond to specific local needs,
- the shift from primarily a nutrition in health focus to operational involvement across sectors relevant of food and nutrition, and
- a broadening of its clientele from its heavy concentration on the public sector to increased cooperation with NGOs, universities, industry and private organizations.

We found significant evidence of the powerful and direct effects the 1990 strategic plan and strategic planning process at INCAP is having on all elements of the organization's program and

operations:

--The implementation plan included in the original 1990 document is being followed fairly closely.

--Key headquarters and country staff (grupos tecnicos basicos) and outside consultants met in 1991 as called for in the Strategic Plan to define program priorities for the four-year period 1992-1995, including old areas to be enhanced and new areas to be developed in the areas of biomedicine, social sciences and food/nutrition/agriculture.

--INCAP structures and administrative processes have been, or are in the process of being revised and adjusted as described in the plan. The organizational structure of INCAP, idiosyncratic as it may be, reflects the description of the integration of basic processes included in the 1990 plan.

--Perhaps because of this, the staff operates with the backdrop of strategic plan principles in mind. Interviews with a wide-range of staff invariably include the organization's mandate and situation, and how present day plans of individuals and their units need to be altered to fit future institutional objectives.

--Another reason for strategic considerations being so obvious in every-day operations--and also testimony to the effect the 1990 plan is having--is that the AID/ROCAP IISP project was designed using the 1990 plan as its basis. IISP support is centered on three aspects of the plan: 1) the continuation of refinement of the strategic planning process and related management considerations, 2) enhancing strategically important technical capacities and technology transfer activities, and 3) strengthening INCAP financial resource development capabilities.

--Finally, study of INCAP's Annual Work Plans to AID/ROCAP, as well as Plans of Action for 1993 submitted by "work teams" of five of INCAP's eight newly devised program units, two of three support level units, and one GTB further indicated the close relation of actual activity and planning to strategic considerations. All include discussion of program objectives, substrategies, activities, expected results, timeframes and persons responsible.

2. Management Structure

a. Background

INCAP has been in organizational flux for some years. In the 1980s, a traditional hierarchical structure existed consisting of a Director, Assistant Director and several technical divisions and an Administration division, all headed by Chiefs. Later in the decade the structure was changed to what was called a "matrix

structure" (See Annex A,) These arrangements apparently had some negative effects. Divisions became independent fiefdoms seeking power and influence by virtue of being separate and maintaining their "own" portfolio of projects developed, as indicated earlier, on a relatively ad hoc basis. Generalized institutional planning was not usually done, and implementation information was not readily available. Communication and coordination among staff was strained. Finally, operations in member countries were dictated by the projects being implemented, and not by INCAP's general institutional presence or consolidated analyses of country needs.

It was not until the publication of the Strategic Plan of 1990 that the functions of INCAP came under rigorous scrutiny. The "matrix" structure remained in effect as the IISP began and on through 1992.

b. Findings

Whether the matrix structure was fully effective, as such, is hard to know. It was in effect during a time of instability stemming from staff reductions and the attendant uncertainties these entailed. The work of INCAP continued successfully under this structure, however.

During a brief visit of this consultant in August 1992, two things about the function of INCAP were clear. First, the process of discussing strategic matters, despite the matrix structure, had been used to break down barriers and facilitate new tactical and strategic thinking among staff. Second, the creation in 1991 of "Basic Technical Groups" in each member country had begun to encourage a more service oriented perspective at INCAP.

Overall, the matrix structure, seen in retrospect, seems to have been an effective interim arrangement for INCAP, a means of increasing INCAP attention to member countries and encouraging thought about its reorganization efforts. This process culminated in December 1992 with the publication of a description of the new functional arrangements and relationships (including staff designations throughout the Intitute), and the release of the "functional organigram." (See next page.)

The new organizational structure consists of three levels: Directorate, Support, and Technical Operations. A great effort was made to insure that the new structure not be hierarchical, that it emphasize and encourage fluid communications and coordination, and that it combine staff in multidisciplinary teams or groups to insure the continuity of ongoing operations at the same time new programs are developed. New and old programs included in the new structure were those identified in earlier strategic planning exercises as key to maintaining or developing INCAP's relevance and effectiveness in covering food and nutrition issues in the region, as well as the Institutes viability or sustainability.

ORGANIGRAMA FUNCIONAL

NIVEL DIRECTIVO

Consejo OPS-OMS/DI

Asesoría Externa

Auditoría Interna

CCI

NIVEL DE APOYO

APOYO TECNICO

Servicios Técnicos
 Transferencia de Ciencia y Tecnología
 Gestión Estratégica

Administración

MICROCENTRO
 BIBLIOTECA
 EDITORIAL E INFORMES
 LABORATORIO ANALITICO UNIFICADO

CENTRO DE COMPUTO
 PERSONAL
 FINANZAS
 SERVICIOS GENERALES
 COMPRAS

NIVEL TECNICO/OPERATIVO

Funcionarios Enlace

GTBs SOCIOECONOMIA ALIMENTARIA **ALIMENTACION Y NUTRICION SIAAUS** MICRONUTRIENTES ENFERMEDAD E INFECCION PROTECCION Y CONSUMO DE ALIMENTOS NUTRICION HUMANA POSTGRADO MERCADEO Y VENTA DE SERVICIOS

— Mando
 - - - Coordinación y Comunicación

INCAP has chosen to define "programs" as any activity or set of activities that have common objectives, and that can be construed to be a unified cost center with an annual budget.

Technical Operations includes eight programs. Four have direct continuity with the past: Micronutrients, Human Nutrition, Nutrition and Infection, and Postgraduate. Three cover elements of some prior operations but are mostly new constructions: Integrated Systems of Agriculture, Food, Nutrition and Health (SIAALIS), Food Safety and Consumer Orientation, and Socio-economics of Food and Nutrition. The eighth program, Marketing and Sales of Services, is completely new to INCAP.

Each of the eight technical operations programs listed above is staffed by a multidisciplinary working group under the control of a coordinator.

At the same level of the chart as those eight programs is a ninth program labeled "Basic Technical Groups" (Grupos Tecnicos Basicos or GTBs) GTBs consist of INCAP staff, usually two to four professionals, working out of PAHO offices and posted in each of seven Central American countries. By INCAP's definition of program this definitely qualifies as such, and is in fact a key element to the implementation of INCAP's decentralization strategy to make its technical initiatives of greater specific relevance to the local conditions and needs of its member countries. INCAP leaders also point out that having GTBs at the same organizational level as other program staff underscores the fact that they are not "under" headquarters staff.

Slightly above the level of programs just described are the "Funcionarios Enlace" (Liaison Officers) which relate to the Basic Technical Groups in each country. The seven individuals assigned this liaison function are key employees or coordinators of other programs (or in one case, INCAP's Director) whose job is to insure practical links between technical matters and services offered to member countries.

Support areas in the new structure are designed to provide several service functions to the technical operations and Basic Technical Group staff. These include:

Technical Services consisting of: a computer center, a library, staff dedicated to editing and publication of reports, and a unified laboratory. Each of these is administered by a coordinator and each, in turn, is overseen by a technical committee with the mandate to set priorities, supervise and evaluate its activities.

Transfer of Science and Technology, staffed by a multidisciplinary group led by a coordinator, with individuals assigned to develop information systems and to systematize the transfer of technology. (This group also carries responsibility for coordination of the AID/ROCAP IISP.)

Strategic Planning and Management, consisting of another multidisciplinary group led by a coordinator, with staff assigned to develop financial resources, assist in and track project development, promulgate institutional plans and policies, and develop the image of INCAP among donors and potential contributors. The emphasis of this group is to support the Directorate, and to support Transfer of Science and Technology in its efforts to apply INCAP resources in member countries.

Administration Division, consists of staff organized in a more traditional style to oversee budget, purchasing, and personnel. A non-traditional element of this unit is the addition of seven administrative assistants to perform liaison functions between the Administration Division and other INCAP programs. Each of these administrative assistants are under the operational control of one or more of the multidisciplinary groups and have access to the computerized budget data base developed by INCAP in 1991.

The Directorate level includes the Director of INCAP, working with two administrative assistants and a secretary to oversee all activities. Each program coordinator and the Administration Division Chief report directly to the Director. The Committee of Internal Coordination (CCI) consisting of these 12 individuals meets weekly to calibrate overall activity of the institution.

It is still too early to judge the degree to which the structure discussed above, now in operation for less than three months, will work effectively. However, interviews with staff showed:

- 1) relief that the long process of reorganization and attendant uncertainties were, for the time-being at least, finished;
- 2) enthusiasm for the multidisciplinary team concept and new combinations of working relationships at both the technical operating level and support level;
- 3) a clear understanding of the intent of the new arrangements including most roles and responsibilities;
- 4) some dissatisfaction concerning the definition of functions at the support level in the Technology Transfer and Strategic Planning elements;
- 5) concerns about how recurring costs of GTBs can be covered over the long term (while agreeing with the

concept);

6) concern about how well over time the director can respond to so many individuals reporting directly to him;

7) continuing frustration with the responsiveness of the administration division to the needs of the Institute, particularly in terms of providing timely financial management information and procurement action.

3. Financial Management

a. Background

INCAP's financial management practices are tied to the systems and practices of PAHO. The PAHO system, practices and policies were, of course, designed to meet the needs of that international body. It is often reported that, as adapted to INCAP, the PAHO system proved to be quite rigid, slow in terms of response time, and often simply not adequate to the day-to-day operating needs of a semi-autonomous institution. Up to 1991 there were many cases where the system as applied at INCAP, or the staff assigned to run it, did not keep proper track of funds, provide useful and timely budget information to INCAP's leadership or failed, for example, to track indirect costs.

b. Findings

Since 1991 many changes have been made to streamline the financial management system. A new PAHO designated Administrator was assigned. The installation of a new computerized budget system has been completed. The practice of using a number of outside contractors to maintain different elements of the system has been stopped (as of 1991, 14 such arrangements existed, at present there are none), and the fourteen individuals working on financial and personnel matters in the Administration Division have become much more of a team.

Although still the brunt of many complaints concerning tendencies to "go by the book" and being slow in accounting for funds--many transactions must go through PAHO/Washington before being "booked" in Guatemala--the system seems to be functioning with greater efficiency than in prior years. Six random tests/checks of budget information were conducted during this appraisal. In all cases the computerized system readily and quickly provided the requested information concerning such things as status of grant drawdowns, budget information by source for all units, personnel costs in general and by unit, and comparisons of percent of budget for selected programs.

It is clear, however, that little analysis of budget information is being done at present at INCAP. Regular reports, analytical or otherwise, are not being circulated to key staff,

other than to the Director. Nor are such reports being requested. It is true, however, that each Administrative Assistant has access to the computerized budget data, and can call upon information as desired by any key staff person. The degree to which this is done was not clear.

The multidisciplinary working group in the Strategic Planning and Management area has been requested to work with the Division of Administration to study, among other things, new financial management policies and the internal reorganization of financial administration. This study, approved by PAHO, is to suggest ways the present PAHO system can be further adapted to the local realities of INCAP operations. A scope of work for the study has been prepared and an outside contractor has been identified. The study, slated to begin in June 1993, will be implemented over a period of six months.

In the meantime, a long-standing budget and finance position in the Administration Division that has remained unfilled for want of qualified local candidates, has been advertised through PAHO. This time-limited (2 year) position will be funded under IISP. There is some opposition among INCAP staff to bringing a person aboard at the high level of pay accorded PAHO employees. A decision about how and whether to proceed will be made in the near future.

4. Staff and Personnel System

a. Background

INCAP staff and leadership alike discuss staff capabilities--qualifications, degree of excellence, and programs to insure the continual upgrading of staff--as one of the most important factors of INCAP sustainability.

INCAP have gone through many periods of institutional change over the years. In the 1980s many professionals abandoned INCAP (when PAHO changed the status of their employment). This, in combination with the hiring of many new employees during the period of extensive INCAP growth in the late 1980s, resulted in the 1990s in an overstaffed INCAP with some professionals who perhaps had not been chosen as carefully as they should have been. Changing funding levels required some significant staff reductions. This need has continued into the 1990s.

b. Findings

At its peak, INCAP had 480 employees. In recent years this level has been reduced considerably. Reductions just prior to or during the period of IISP implementation are as follows:

	<u>total</u>	<u>professional</u>	<u>technical/admin/service</u>
June 1991:	323	86	237
Sept 1992:	252	65	178
Jan 1993	224	65	159

Of the present 65 professional staff, 43 individuals or 66% have doctorates or Masters degrees, and 20 have other postgraduate specialized training (Licenciatura). INCAP is in the process of formalizing its staff development policy, and will complete this in early May.

It is felt that some additional reductions in staff will be necessary during the remainder of the IISP grant period. Most such changes will likely be among INCAP's technical/administrative and support staff, which many persons interviewed indicated can be trimmed further.

Recently, however, INCAP chose to not renew the contracts of 19 service level staff, mostly guards and cleaning staff, many of whom had long employment histories at INCAP. In this case, it had been decided that contracting outside firms for guard and cleaning services could save between \$20,000 to \$60,000 per year. The release of these persons proved difficult since they organized and sued INCAP; negotiations over several months resolved the suit. This experience may not augur well for making further cuts with confidence and ease, no matter how justified and needed.

Professional staff interviewed, meanwhile, are fully aware that unless their multidisciplinary technical teams manage to raise resources for projects, their future at INCAP is by no means assured after the end of 1994. During 1993 the IISP supports over 37 INCAP staff, including many key professionals, at a cost of over \$750,000.

5. Financial Resources Development

a. Background

An element of the Strategic Planning and Management functions of INCAP, described above, is the development of a more diverse array of financial resources to insure INCAP's short, medium and long-term viability. The short term prospects have much to do with AID/ROCAP IISP support, which will end in June 1994 or, if extended on a no-cost basis, at the end of 1994.

The nature of INCAP's financial challenge was set forth in the Introduction to this report. To date most resources of INCAP are still from traditional sources: INCAP's own funds derived from membership fees, investment interest, and royalties; an annual stipend from PAHO; and project funds (called fiduciary funds or "Fondos Fiduciarios" by INCAP) from a variety of donors.

b. Findings

As of the end of 1992, only 18 months into the 3 year period of the IISP grant, as one might expect, INCAP's overall financial picture has not changed dramatically. Such changes take time. While INCAP has made impressive progress in studying its situation and planning how to proceed to raise revenues in the medium and long term, such actions have done little to alter INCAP's immediate or short-term budget challenge. At present what we are left to look at therefore, is the near term financial situation of INCAP.

A comparison of the recent past and present financial picture is as follows:

<u>Sources</u>	<u>1988</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
INCAP	415 633	588 855	731 867	772 000
PAHO	942 098	1 341 793	1 460 056	1 327 300
Projects:				
Non-AID	1 584 000	2 228 101		2 410 648
AID	<u>2 309 000</u>	<u>2 112 231</u>	[4 886 148]	<u>2 489 188</u>
Total	5 250 731	6, 270 980	7 078 071	6 999 136

Since 1991 there has been little appreciable change in the availability of general or unrestricted funds (INCAP and PAHO).

Recent experience shows that project funding peaked in 1991 but has been maintained as almost an equivalent level in 1992. In terms of total budget: in 1988 INCAP was dependent on AID for 42 percent of its funds, in 1990 for 33.6 percent, in 1992 an estimated 29 percent. In the same years the percent of the total budget supported by other donors was 28, 35, and 30 percent.

In terms of project funds, in 1988 AID provided almost 60 percent, other donors 40 percent; in 1990 other donor funding had increased to 51 percent and AID was providing 48 percent. In 1992 the split remains similar: AID, an estimated 51 percent, other donors 49 percent.

Meantime, INCAP has continued to relate to a wide range of donors which provide such project funds. Quick calculations show the following numbers of donors in 1990 just prior to the IISP, as compared to 1992:

	<u>1990</u>	<u>1992</u>	<u>Change</u>
GOVERNMENTS	4	10	+6
UNIVERSITIES	7	10	+3
NGOS AND FOUNDATIONS	8	12	+4
CORPORATIONS	2	3	+1
UN ORGANIZATIONS	4	4	0
WORLD BANK	0	1	+1
Total	25	39	

Key staff say these increases, although not necessarily bringing in major new resources, have the effect of broadening the range of contacts INCAP can later call on for support. Considerable effort has been taken to expand University and NGO/Foundation linkages.

Whatever the success INCAP is having in diversifying its project funding portfolio--and a significant level of project funding has been maintained--the situation of the recent past and present disguises the full measure of the financial resources development challenge facing INCAP in the relatively near future: the end of the IISP in mid or late 1994.

This can be seen best in terms of the 1992 budget figures. As has been shown, AID provides approximately half of the total INCAP project budget. Of AID's half (\$2,489,188), \$950,419 or nearly 1/3 comes from the IISP funds, a source which will not be available after 1994. But it is also true that the major portion of the remaining 1992 AID non-IISP resources, almost \$1,540,000, will also soon end and will not be available in or after 1994. This precipitous decline in AID funding represents the major near-term challenge to INCAP.

The near term challenge (as well as longer-term prospects for solutions which can prevent and protect INCAP from facing such threatening dislocations) also shows starkly in INCAP's longer term planning documents, most particularly in the comprehensive study, funded under the IISP, and completed in July of 1992 titled "Financial Study For The Creation Of An INCAP Endowment." This report, while concentrating on the rationale and process for creating an endowment, included a comprehensive analysis of INCAP's overall financial picture, past and future.

The study outlines a range of important steps to assure INCAP's medium and longer term viability--preparations for an endowment, an "Amigos of INCAP" initiative, a program to earn unrestricted income by selling services, and the refurbishment of buildings and the purchase of laboratory equipment, which not only will insure the quality of the services INCAP can offer for sale, but its ability to maintain a high standard of excellence within any donor funded program.

Interviews in the course of this analysis show that INCAP has

followed up aggressively on almost all of the actions and programs suggested in the report. Particularly notable is the progress that has been made by the multidisciplinary team working on marketing and sale of services. Presentations of the ideas in the report have been vetted before INCAP's Board and with PAHO and AID officials, as well as with other key donors. The multidisciplinary team dealing with sale of services is readying final plans for initiating this element. Negotiations with the Central American Bank for Economic Integration (BCIE) concerning the set up and management of the endowment are well advanced and an agreement including all terms and conditions is expected to be signed before the end of April.

But the endowment study also noted that funds from such actions will not bring resources in time to help INCAP negotiate the lean period it faces at the end of 1994. Projections included in the study showed this clearly and the report noted (page 57):

This document has reiterated the necessity to initiate new financial mechanisms able to compensate for the collaborative support provided by AID-ROCAP to the Institute, especially in light of the the announcement that AID could no longer continue authorizing financial assistance to INCAP.

It is precisely for that reason that this study has gone forward with the hope that in the future such an endowment and other financial mechanisms, many of which could contribute to the endowment, would assure the long-term stability of INCAP. Nevertheless, upon elaborating the projections included in this report, we have come to the realization that, in spite of [taking all the actions recommended which can assure long term sustainability], none of these will succeed in compensating rapidly for the important cooperation that historically has been provided by AID-ROCAP.

The report proceeds to argue quite persuasively that INCAP's sustainability prospects are excellent, but that the precipitousness of the decline in AID funding, as built into AID's implementation plan, will also threaten the integrity of the strategic and technical capabilities, important factors in sustainability, which are also being funded by AID. The study recommends that the the contradiction between the IISP time-frame and its purpose of insuring INCAP's long term sustainability be discussed with AID officials. The recommendation includes the idea that some limited additional funds be made available beyond the IISP's present completion date, at least through 1996.

What is INCAP planning to do to meet the resource development shortfall challenge it is soon to face? According to the INCAP Director, such considerations are soon to be the subject of

intensive deliberations. He pointed out that until very recently he and other key staff have concentrated on reorganization; the initiation of new programs (in food safety and consumer orientation and integrated agriculture and nutrition systems) and the resuscitation (after a two year hiatus) of an active post-graduate program; the expansion of the the number of active donors (see above) and contacts; and the reduction of staff levels. These complex actions required considerable time and effort; only now can the staff turn to aggressively confront INCAPs near term financial challenge.

As of the date of this appraisal, the INCAP has drawn down \$1,187,000 of available IISP funds and has a pipeline of \$3,024, 270. If INCAP holds to it present plan of expenditure, IISP funds will be close to fully expended by the present PACD, although a 6 month extension will probably be needed to insure all funds are effectively used.

One possible near term safety valve is the continuation of some level of USAID non-IISP project support through AID centrally funded projects or USAID Missions in the region. INCAP has regularly (twice per year) visited USAID missions to keep them apprised of changes underway at INCAP, and to assess prospects for additional project funding. As the IISP was written, it was forecast that up to \$2,000,000 in "add-on" funding from such sources might be available. At this point such add-on funding has not materialized, and USAID Mission priorities in the region for the most part do not include much attention to health and nutrition matters. Since such planning takes place years in advance, even if USAID Missions chose to change their sectoral foci this would probably be of little near-term use to INCAP.

6. Transfer of Science and Technology

a. Background

The transfer of technology has long been a key element of the mission of INCAP, and figured prominently in the 1990 Strategic Plan. However, the subject has not been approached systematically or in a concentrated manner until relatively recently. The new structure of INCAP for the first time devotes a staff of ten persons to the task of defining the issue, and identifying a comprehensive set of specific processes, actions and products.

b. Findings

Of all the functions identified in the new regimen of INCAP, that of the multidisciplinary group working on technology was the only one thought to be vaguely defined or incompletely understood by staff interviewed. Some of what the technology team was supposed to do was seen as more a matter of strategic planning and

management--for example, the development of information systems, or the building of relationships with the GTBs. Other tasks were seen as falling under the purview of operating level program staff.

Brief study of the role of the working group in the area of Transfer of Technology--and consideration of the critiques by other staff--indicated that there is a definite and distinct role under development by the S&T multidisciplinary group. That this is not as yet completely understood is a direct result of the brief amount of time the group has been operating and the complexity of the tasks being contemplated.

The value and importance of the group should be amply demonstrated by soon to be published plans and operating procedures. A range of products--methodological guide, technology inventory, handbook on technology, computerized scientific information system, training program for GTBs--to be produced during the remainder of the year should prove the value and tactical importance of the Group.

E. GENERAL CONCLUSIONS

As indicated earlier in this report, INCAP has long been in a state of transition. As recently as my visit of August 1992, INCAP seemed to be foundering in the face of the complexity of the implementation challenge presented by the IISP and the rapid pace of change being contemplated. Revisiting INCAP at the point that major structural change has finally been implemented has left me with the completely opposite impression. In the course of doing this brief appraisal of IISP implementation status, I was impressed by the comprehensive and enthusiastic manner in which all objectives of the three-year ROCAP grant were being addressed. In all respects, the INCAP program now appears to me to have definite direction and force.

Weaknesses in implementation still exist but seem now to have more to do with the recentness and comprehensiveness of the changes--the new and unfamiliar liaisons, the brief amount of time to work together to recalibrate plans, physical moves from one office to another--than any fundamental problems with the direction INCAP has decided to move. INCAP now appears to be making tangible in actual operations its strategy first promulgated in 1990, the implementation of which was made central and supported by AID under the IISP.

It appears to me that the efficiency, relevance and viability of INCAP until 2000 has a good chance of being assured by actions now definitively underway at INCAP. However, the near term financial challenge facing INCAP as AID withdraws support threatens INCAP efforts toward this end. The situation created by the IISP is contradictory: on the one hand AID has made possible the changes

INCAP so much hoped to make; on the other, the brevity of the support AID offered puts in some jeopardy INCAPs ability to follow through. Three years of rapidly declining funding support is simply not sufficient for an organization of the size of INCAP to change gears and insure the quality its programs and the development of a new financial resource base.

F. ACTIONS PREPARATORY TO UPCOMING EVALUATION

1. INSURE EASY ACCESS TO ALL DOCUMENTATION

Considerable prior thought should be given to what should be made available to the team automatically, and what should be arranged and readily accessible in case questions are raised. The ability to back answers to evaluation questions with written documentation makes a good impression on an evaluation team.

For example, to bring alive the process of strategic planning and organizational changes to bolster what Hernan and others will say well, notes of key meetings might be assembled from the records of the CCI, other special meetings (such as last September's Board meeting), memos written on the subject by staff, etc.

Think of other areas where collecting time-sequenced background info might be possible.

Also consider assigning one of the best Administrative Assistants to the evaluation team, a person to work with R. Flores and the other Admin Assistants to meet any requests.

2. DOCUMENTATION PROVIDED THE EVALUATION TEAM SHOULD BE DATED.

3. A NEW VERSION OF THE ORGANIGRAM SHOULD BE DONE.

Using the existing chart as the base, perhaps functions of each area or program could be included, as well as the names of professional staff assigned.

4. BASELINE INFORMATION IN THE IISP PROJECT PAPER SHOULD BE STUDIED WITH THE IDEA OF UPDATING THE INFORMATION.

A person should be assigned to catalogue baseline information included in the PP and its annexes. This listing should be looked at by the INCAP management team, which would decide what data or statements of INCAP status at the outset of the IISP has changed and needs to be updated.

In any event, you will at least need new calculations of percentages of dependency, restricted vs. unrestricted funds on an annual basis, numbers of donors by category, and purpose and amount and proposals done each year for project funds as well as those presently in process, etc.,.

5. FINANCIAL DATA OF ALL SORTS SHOULD BE DEVELOPED AHEAD OF TIME

Have the following ready: annual audits; reports to USAID and an analysis of drawdowns to date on IISP (and other AID funds) and pipeline analyses of the use of these in 1993, and beyond; global

budgets proposed 1990 through 1992 as compared to actual expenditures; and an analysis of personnel costs by category, and how these are covered in terms of budget (INCAP, PAHO, fiduciary funds).

You should be prepared to discuss the cost of "turning on the lights" (overhead) and indirect cost rates: the problems in that field, and present situation.

6. FINANCIAL PROJECTIONS SHOULD BE UPDATED

Projections included in the Villagran study should be recalculated, most particularly the two long-term scenarios.

7. FIDUCIARY FUNDING SITUATION

Related to the above, the status of fiduciary funds should be thoroughly documented in terms of the last 3 or 4 years, the present situation and any future projections at levels that match projections included in updated charts done by Villagran. A clear format should be developed to show what donors (by category: University, NGO, Foundation, etc.) supported what activities, at what level of funding, and for what amount of time.

A small adjunct study might be done concerning new donor relationships established in recent years. My rough data shows that quite a few have been added since 1990. This study would simply document how the contacts were made, by whom, using what methods, how long this all took, and with what results in terms of support.

The above might be supplemented by a list of the number of visits or other approaches to donors that have been made over the past two years.

8. THE TIME-LIMITED APPOINTMENT OF THE NEW BUDGET AND FINANCIAL PERSON SHOULD BE COMPLETED BEFORE THE EVALUATION.

9. THE PERSONNEL SITUATION SHOULD BE PUT FORTH CLEARLY.

The Director should bring up the issue of staff reductions early during the team's visit, explaining why there was such disruption and how the most recent case was resolved, as well as how such matters will be dealt with in the future.

The nature of staff reductions accomplished in recent years should be displayed in more ways than just gross numbers: a record should be available of type, category, reason, and by what means employees were let go.

Job descriptions related to the new structure should be done before the evaluation team arrives.

10. NATURALLY EACH AREA OR PROGRAM WILL HAVE A PACKAGE OF INFORMATION AVAILABLE TO THE TEAM OF THE SORT I WAS PROVIDED. THIS SHOULD BE SUPPLEMENTED IN IMPORTANT WAYS.

a. Rehearsal. Work groups or teams should meet to go over the main themes of importance that they want the evaluators to know about. People should talk freely to evaluators but also insure that the group's terms of reference and accomplishments are hammered home.

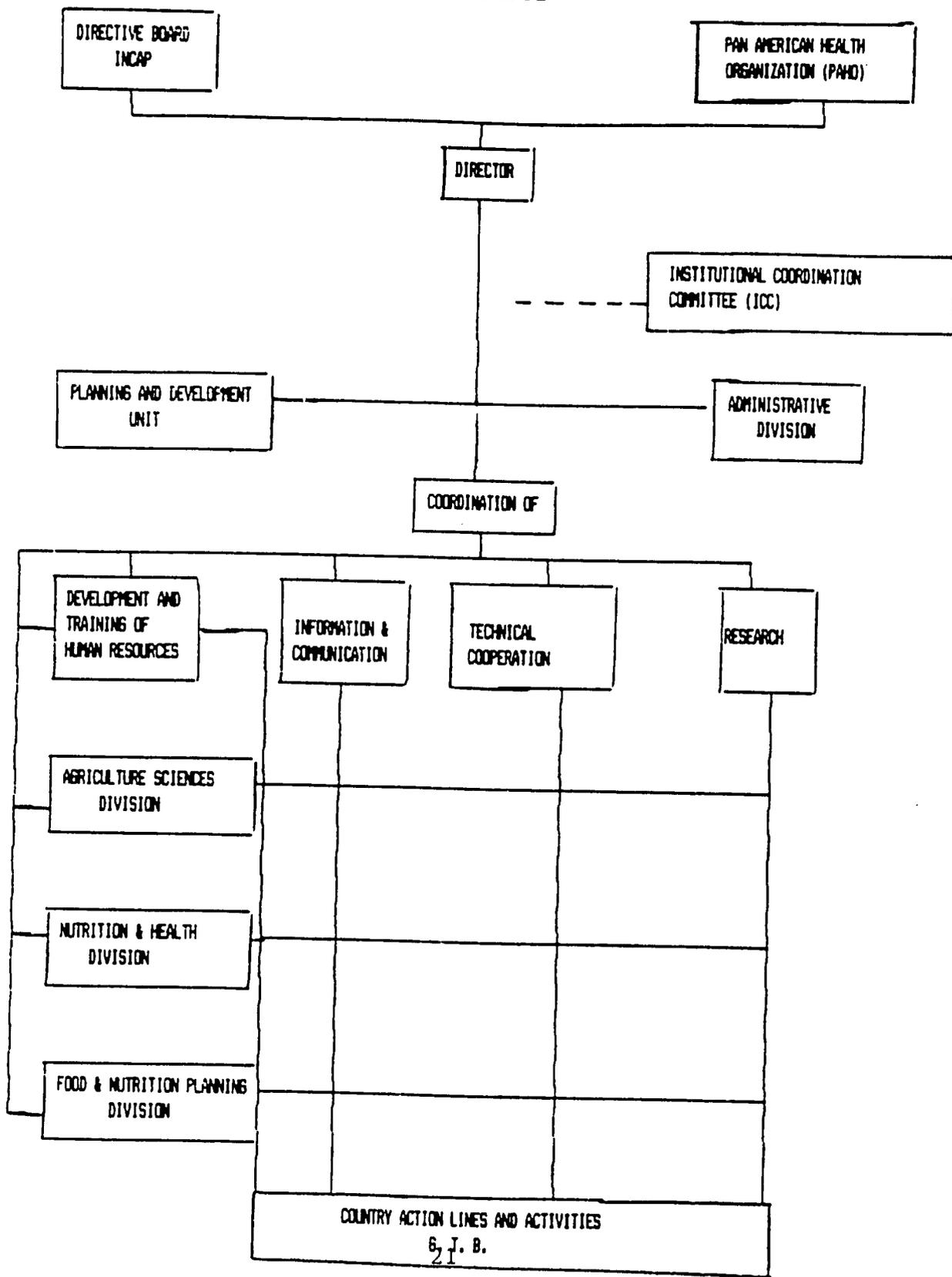
b. Each person in whatever group or team likely to be interviewed should think now about products that can be shown to evaluators. This would include not only plans for a new brochure, but a draft of the document itself; not only discussion of a new system or study but a demonstration of the first run of, for example, the new project tracking computer program or a first draft of the personnel policies study.

c. Each working group should insure that not only its new plans directly related to the IISP, but also the actual projects (whatever the source of funding) for which the group is responsible are covered thoroughly. A package of information concerning the portfolio of each group should probably be devised.

d. People interviewed should be sure, wherever possible, to relate actions being taken to the real situation, not only of the Institute, but of vulnerable people in the region.

FIGURE 9-1

INCAP STRUCTURE



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