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THE SPECIAL PROBLEMS OF PROJECTS
WITH SIGNIFICANT IMPLEMENTATION PROBLEMS:
AN EXAMINATION OF EVALUATION FINDINGS AND LESSONS

FINAL REPORT

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PREFACE

This study was designed as part of a series of research reports investigating discrete aspects of the Agency for International Development's project assistance to developing nations. It is intended that each report will provide complementary information on the way projects have been designed, implemented, monitored and, most importantly, on the problems that have been encountered and the manner in which they have been resolved.

The purpose of this study is to address the causes of implementation delays of AID-funded projects and to discuss means to eliminate them through internal Agency reforms and regulations.

Quotations in this document from IBRD reports are made with the permission of the IBRD.

EXECUTIVE SUMMARY

Introduction

In the Spring of 1981, the Agency for International Development undertook a major review of its project assistance portfolio. In principle AID's portfolio is reviewed annually, in accordance with Agency directives; in practice, the 1981 review was the first the Agency had carried out in five years. The 1981 review of AID's portfolio revealed significant quantitative changes in the nature of the portfolio, including an increase of 229 percent in the size of its undisbursed balance, or "pipeline." A portion of the increase in this key indicator of project implementation performance could be understood in terms of AID's assistance to Egypt. Other elements of the increase in the size of AID's pipeline appeared to be related to a 61 percent increase in the number of countries assisted and a decline in the size of the Agency's staff. Yet, even when all these factors were considered together, the growth of the pipeline seemed to suggest that AID was experiencing problems with project implementation that were not explained by factors cited in the portfolio supervision report.

As a follow-up to the Agency's portfolio supervision report and as a means of investigating the root causes which appeared to lie behind the raw statistics presented by that report, the Office of Evaluation commissioned an investigation of the problems in projects that had been identified as having significant implementation delays. This report, which presents the findings and conclusions of the investigation into root causes of project implementation problems, builds on previous investigations carried out by AID, including a series of Agency management studies as well as evaluations and audits of projects that were classified as being slow to disburse their resources.

Study Approach

The present study involved the reanalysis of a wide variety of information already available within AID, including evaluation and audit reports on a total of 74 AID projects and statistical information contained in two automated data bases. The study incorporates information from project files, findings from interviews conducted with individuals familiar with or responsible for project designs and implementation and the conclusions of investi-

gations undertaken by other donor organizations such as the World Bank. The text shows one of the major methodological difficulties encountered in this investigation, and perhaps one of the reasons for AID's lack of up-to-date information on the status of the portfolio, was the difficulty of integrating information from the various data bases to reach meaningful conclusions.

Findings and Conclusions

The investigation of slow disbursing projects revealed the following issues that affect management of the Agency's portfolio:

- There is no agreement in AID concerning what constitutes a "slow-moving" or problem project. The Agency has neither agreed-upon, experience-based norms nor arbitrary performance standards against which to judge the adequacy of disbursement/implementation rates for individual projects, specific missions or bureaus.
- The Agency's management information systems and data bases are not organized in a manner to provide routine reports concerning key implementation and general management indicators and their relationship to each other. Thus, decisions are made without the benefit of information that actually exists within the Agency, albeit in raw form.
- While Assistant Administrators in each bureau are responsible for monitoring and overseeing project implementation, there is no central Agency unit nor a management level below the Administrator that has the responsibility, and adequate authority, to oversee project implementation performance on an Agency-wide basis, e.g., identifying performance norms and targets, raising questions when bureau performance lags, identifying and resolving intra-bureau issues pertaining to implementation performance or reallocating key Agency resources to address implementation problems when the need arises.
- Previous management studies have identified many of the causes of project implementation delays addressed in this investigation and offered approaches for resolving them. While the findings of these studies may have been discussed by senior staff, few actions have been taken to make improvements in the area where significant problems have been identified.

The study also validated some of the conclusions of prior research and identified several additional causes of project implementation delays, e.g.:

- Exogenous factors such as natural disasters, political instability and inflation are not the primary explanation of problems in project implementation/disbursement.
- A significant number of projects experiencing serious implementation delays are characterized by a lack of host country commitment to the project goals and inadequate host country resource contributions.
- Inadequate project development is the single most important underlying cause of implementation delays despite the disproportionately large amount of time AID spends on project design exercises. The Agency has not been able to develop adequate mechanisms for deobligating funds for projects experiencing significant implementation problems, for the following reasons:
 - 1) The AID/Washington project review and approval process is not effective in detecting and rejecting poorly developed projects. Projects that have not been adequately developed, but which are nevertheless well articulated and presented in the proper "form," can receive approval in Washington. The number and size of slow-moving projects is adequate evidence to demonstrate that projects passing these reviews are being screened on criteria other than whether they are acceptable to host countries and realistic in terms of their implementation requirements.
 - 2) There is no effective mechanism for resisting the pressure to obligate monies even when that pressure will result in the approval of unworthy or inadequately developed projects. The Agency's review and approval process, in the final analysis, focuses more on obligation deadlines than on the adequacy of project development and design or the validity of statements about the degree of host country commitment to a project.

- 3) Once projects are approved, missions have the responsibility for their implementation. Yet, as the evidence on "slow-moving" projects demonstrates, missions are not making the kinds of corrections in project designs or taking the kinds of management actions required to fulfill these implementation responsibilities. The acceptance of the responsibility for project implementation is complicated by AID's procedures for rotating its staff, which inadvertently allow individuals to walk away from projects they did not adequately develop before seeking and securing project approval.
- With few exceptions, projects experiencing implementation delays are also experiencing problems with contract mechanisms and procurement procedures. Project delays associated with procurement and contracting issues stem in large part because Agency staff responsible for project planning and implementation are unfamiliar with contracting and procurement regulations, make poor choices in the types of mechanisms employed, and are unable to administer contracts once they are signed.
 - Effective incentives to hold Agency staff, contractors and host governments accountable for project implementation do not exist. Disincentives do not exist which compensate for the absence of effective incentives.
 - Project papers do not have sound implementation plans. Many contracts are written and signed with the implicit understanding that, if project activities and inputs fall behind the admittedly vague schedule, the project deadlines will be extended without penalty. In many cases, additional funds are provided to accomplish the project objectives.
 - The performance reviews of Agency personnel and operational units with implementation responsibilities seldom include considerations of project implementation performance. Consequently, the amount of time AID staff devote to implementation is not commensurate with their management responsibilities in this area.
 - The Agency has no effective mechanism to ensure that it applies the lessons learned from evaluations and audits.

Recommendations

The following recommendations take into consideration the complex, delicate relationship between a donor agent and the recipient nation and AID's position that project implementation is primarily the responsibility of the borrower and that the role of the Agency is to prepare, design and supervise projects and programs. The first four recommendations address fundamental, underlying problems in the Agency that hinder timely project implementation; the remaining ones concern needed changes in procedural and technical mechanisms aimed at improving the quality of implementation.

Recommendation 1

The Agency should examine the information currently available to various management levels with respect to their program monitoring and project implementation responsibilities; compare the information actually available to managers both to their needs and to information the Agency has in its possession; review the adequacy, completeness and efficiency of existing manual and automated information systems with respect to these information requirements, and, based on these, consolidate and improve linkages between existing management information systems and data bases to provide pertinent and timely information on Agency performance to those management levels which have the responsibility and authority to take actions to improve program and project performance.

Recommendation 2

The Administrator has set implementation as an Agency priority. To ensure that real attention is given to this priority, incentives must be provided to unit managers and individual staff to turn their attention to implementation issues.

Recommendation 3

The decisionmaking process in AID should be restructured to ensure that the Agency complies with its stated objectives of incorporating program- and project-level evaluation findings in the decisionmaking process, particularly with respect to initial project approval and subsequent funding of projects. Specifically, the Office of Evaluation should have the responsibility for formally reviewing and synthesizing the findings and recommendations of all evaluations and audits and making them widely available. Agency and contract staff responsible for programs and projects evaluated should be required to report to their mission director after a specified amount of time has elapsed

what actions they have taken in response to the recommendations and why. The Office of Evaluation should periodically examine whether such action reviews are occurring.

Recommendation 4

Based on Agency decisions pursuant to the Task Force on Personnel Ceilings, AID should review its expectations concerning staff size, skills and experience in conjunction with data on the distribution of project management responsibility (e.g., by mission, project size and complexity, and sector) to develop an organizational structure that responds to the Agency's primary responsibilities. As part of that effort, options should be explored, including:

- Train existing personnel to do the work of the Agency as it is presently conceived. This training should be mandatory and perhaps "graded"; performance should be recorded in Agency personnel files.
- Reassign existing personnel to jobs that they are best trained to perform, even when such assignments require a reassessment of the grade and job description associated with the job.
- As new staff are hired, ensure that they have the appropriate technical and management skills to implement and oversee the Agency's mandates and policies. Assess their performance at the end of their probationary period before they are given career appointments; as necessary extend the probationary period for jobs where a longer period of observation seems appropriate.
- Develop new career incentives that reward high performance for key technical areas such as contracting, financial management, as well as for implementation management and reverse the trend to reward staff primarily for performance in project design.

Recommendation 5

Project papers should include sound, not perfunctory, management and implementation plans based on the following:

- An administrative/institutional analysis of the implementing agencies (i.e., their decision-making authority, legal status, staff): How is the project going to be administered by the borrower and contractors?

- An analysis of the financial capabilities and financing capacity of project participants (i.e., projected sources and uses, procedures and instruments for moving monies, roles of host country banking systems);
- A contract and procurement analysis (what type of contract will be used; what funding mechanism; how will goods be purchased -- through procurement houses, the contractor, etc. -- logistic arrangements for the delivery of goods to the project site, e.g., through service agents);
- A realistic schedule for accomplishing the project activities.

In order for this to occur, several steps must be taken:

- Agency staff responsible for project development and for the review and approval of project designs must be made aware of the design requirements stipulated in the handbooks and use them.
- Scope(s) of Work for project design teams should, where applicable, precisely define the elements of management/implementation plans required in project papers.
- Criteria for reviewing the soundness of project implementation plans should be established and no project paper should be approved until the implementation plans are acceptable.

Recommendation 6

Performance incentives and other techniques for strengthening contract administration should be included in all AID contracts. Mechanisms to encourage appropriate and timely contractor performance should be required, i.e., where appropriate, movement away from "time and rate" and "time and materials" contracts and toward fixed fee/fixed performance contracts with penalty features for inadequate contractor performance. Agency staff need to expand their contract administration/support skills to make good use of such mechanisms. Appropriate units within the Agency should be charged with the responsibility for monitoring the use and effectiveness of such contracting mechanisms and advising the Agency concerning their findings about the types of contracting procedures that are proving to be most effective in improving project preparation and implementation.

Recommendation 7

Agency staff should be made accountable for implementation performance. In order to institutionalize accountability for project implementation the following actions should be considered:

- Establishment of performance contracts for all Agency staff, concentrating first on Bureau AAs, mission directors and other mission and AID/W units and personnel that have implementation and/or implementation support responsibilities. Such contracts should be required irrespective of the type of appointment an employee holds. They can be modeled on AID's current merit pay performance plans for GS employees. These contracts should be negotiated and should include positive incentives for devoting time and thought to project implementation, e.g., merit pay, "desirable" postings, promotions, educational opportunities and additional vacation time. Such contracts should also include commensurate disincentives for failure to pursue and support project implementation, e.g., reduced responsibility, performance memoranda to personnel files and, ultimately, termination with cause.
- Periodic mission-level implementation reviews to identify those projects and programs with implementation problems, ways to deal with the problems and the assignment of individuals to take responsibility for specific actions. Quarterly or semi-annual implementation reports from missions to the regional bureaus.
- Revision of the Agency personnel assignment policies to permit and encourage more staff continuity from the design to the implementation of projects.

Recommendation 8

A regular review of the entire portfolio should be carried out. It is recommended that this be done at least annually and coordinated by PPC. All projects and management units whose performance suggests serious implementation problems should then be reviewed by management. The findings and recommendations of these reviews and evaluations should be closely monitored. If such investigations and follow-up monitoring actions reveal intractable problems or that the borrowers are unable or uninterested in meeting implementation requirements, the project should

be terminated and the funds deobligated. Where such investigations reveal consistent difficulties in particular missions or sectors, Agency review procedures should be immediately tightened up with respect to the review and approval of new plans and budget requests, e.g., Assistant Administrators should personally chair PID reviews and ABS meetings on new projects and programs in problem missions and sectors. Lessons learned from these reviews should be included in a file of critical problems to be avoided in planning and management of new country strategies, programs and projects. The file of critical problems should be submitted to the Administrator periodically for review, and a synopsis of the problems, together with up-to-date comments and guidance, should be distributed widely among Agency managers.

CHAPTER I

INTRODUCTION

How the Agency for International Development has planned and managed its project portfolio has been the subject of numerous investigations from both critics and defenders of foreign aid, by internal task forces and outside reviewers, and from a variety of perspectives. This study will focus on one aspect of the Agency's project portfolio: the problems of projects with significant delays in implementation. The investigation is intended to be part of a series of studies developed by the Program Evaluation System Division of the Office of Evaluation to improve the utilization of the Agency's evaluation activities in planning and managing projects and programs. As it will be built on previous investigations carried out by the Agency, it will examine their conclusions, isolate the factors that appear to be associated with slow-moving projects only, and provide guidance to AID so these delays can be avoided in the future.

Research Methodology

A review of recent memos, studies and other papers on the delay problem make it clear that a number of factors are at work. Many delays are merely a reflection of unrealistically optimistic time schedules in Project Papers, where the intent was often to fit within the Agency's restrictions on project duration. But beyond this, there is a host of reasons why foreign assistance work will proceed slowly. Unfortunately, there are no agreed-upon causes of delays that should and should not be tolerated. Beyond cases of unrealistic expectations, delays will occur because of factors that AID can and cannot control. This study only treats factors over which the Agency has some control.

The Data Base

The Agency has two automated information systems capable of producing project-related information: the Project Accounting Information System (PAIS), which is prepared by the Office of Financial Management, and the Program Budget Data System (PBDS), prepared by the Program Information Analysis Division in PPC. Essentially, the PAIS system is a project financial report covering each grant and loan project financed from funds allotted to the missions or AID/Washington. It is designed as an allotment accounting system which has entries for allotments, reservations, obligations, disbursements, accruals and adjustments, as well as

earmarks and commitments. It begins to record a project when the Project Agreement or equivalent document is signed and funds are obligated. Project ledgers include columns for obligations, earmarks and expenditures, the latter being disbursements plus accruals.

The PAIS has several reporting mechanisms: A Project Financial Activity Report (PFAE) is reported quarterly from each mission and Washington bureau covering all projects. Because of technical difficulties, these data are still being coded manually so there is a two-month delay from the time the information is received until it is tabulated and available for use. A Project Financial Implementation Plan (PFIP) is submitted annually at the beginning of the fiscal year and provides estimated expenditures by project by quarter for the next year. Together, these two reports provide planned and actual expenditures. In the six years that the PFIPs have been prepared, few in the Agency have contacted Financial Management to question discrepancies in planned versus actual expenditures; no one is aware of any instances in which the PFIPs have been used as a management tool for identifying implementation problems.

The Program Budget Data Base includes the data bank files for all AID loans and grants and the activities of international organizations which are included in the "Green Book" report that accompanies the Congressional Presentation. This means the data bank includes all project activities, as well as the Sahel Development Program and the Economic Support Fund. Project information is coded according to the functional account by which an activity is funded. Activities are then classified into subcategories that further define the focus. For example, under the functional account Agriculture, Rural Development and Nutrition, there are subcategories such as land reform, agricultural research and land development. All program activities funded since 1979 have been coded in this manner by the division in consultation with policy and technical experts in the various bureaus. This division is also responsible for maintaining country program data books that record the history of each project from the planning phase beginning with the PID through implementation.

There are several discrepancies between the two automated systems. In terms of project activities, both systems get their data base from the same source and code data according to the five development assistance appropriation accounts, but they do not use the same sub-functional classification for project activities. The PAIS has ten primary technical fields; each project is coded into one or more of these fields. The PBDS codes projects into one or more subcategories within each functional account. Even if project monies were not divided differently by these two systems, it is not possible to get a clear picture of

the amount of monies programmed into different technical activities, because there is an overlap in assigning monies, i.e., an integrated rural development project might have the same funds assigned to several activity categories.

Problems with the Data Base

There are few Agency studies or "standards" on how long it takes to accomplish a particular project activity.¹ Project expenditures on goods and services to accomplish that activity provide the closest approximation to actual implementation time. Financial data in this study are taken from the PAIS system. It was selected because it stores project information since 1975, whereas the PBDS system only goes back to 1979.

There are a number of problems concerning the quality of the data, regardless of the system used. Firstly, there is considerable redundancy between the data bases. Both systems include information at the project level on obligations and expenditures. The raw data are collected, processed and loaded into each system by organizational units that manage specific data bases. These units are spread around several Agency bureaus. Further, a cursory review of projects has indicated that different data can appear under identical headings in different data bases. In short, it appears that two systems are being maintained to collect, process and store quite similar data. Unfortunately, not enough time and effort are going into insuring the data adequacy of either system.

Secondly, the systems are not user-oriented. Efforts to elicit policy-relevant information from these systems suggest that they have not been designed with the user in mind. For example, it is not easy to get an accurate assessment of what has been happening to the pipeline problem through time. Neither system provides information concerning the growth of the pipeline over time or, for that matter, any historical perspective on changes in funding levels and focus. A special program had to be requested for this study to obtain that historical perspective. When it comes to getting a functional breakdown of projects, one has to choose between a relatively useless ten-category breakdown and one that includes more than 40 categories. Neither breakdown provides an accurate reflection of

¹ There have been some discrete studies relating to documentation, processing and contracting for the procurement of goods and services, but no substantive studies that integrate Agency information on the myriad typical activities which projects must complete.

how Agency monies are allocated, because most projects are multi-functional and they are either assigned to one category randomly or placed in several categories, resulting in double-counting. Personnel responsible for these data bases recognize the systems' weaknesses, but do not feel they have either the time or the mandate to rectify them.

The Agency has a number of recurrent information needs that warrant significant budget outlays. However, it appears that the present information system configuration was built up piecemeal. AID should commission a study to determine the most cost-effective information configuration for its needs. This study should document AID's information needs based both upon current use and considerations of relevancy. The study should indicate areas of unnecessary redundancy in information and information equipment, review current information collection and assessing techniques, and offer optional systems configurations that are more cost-effective than current arrangements.

RECOMMENDATION 1

The Agency should examine the information currently available to various management levels with respect to their program monitoring and project implementation responsibilities; compare the information actually available to managers to both their needs and to information the Agency has in its possession; review the adequacy, completeness and efficiency of existing manual and automated information systems with respect to these information requirements, and, based on these, consolidate and improve linkages between existing management information systems and data bases to provide pertinent and timely information on Agency performance to those management levels which have the responsibility and authority to take actions to improve program and project performance.

Criteria for Selecting Problem Projects

Within these information limitations, the study established a sample of projects experiencing implementation delays, using several criteria which can be divided into five groups as follows: those based exclusively on age -- the oldest loans and the oldest grants; those based on disbursement data -- the Office of Financial Management's portfolio review of slow disbursing projects and a review the investigator made of abnormally slow disbursing

projects started between 1970 and 1977; and lastly, those identified by management as problem projects -- the regional bureaus' lists of problem projects.² Of the 74 projects examined, not one project was identified by all five groups, as Table 1 illustrates. Only eight projects or 11 percent of the total were included on four lists, and over a third of the projects reviewed only appeared on one list. There was no systematic way to identify projects experiencing problems during the design phase; they were found by chance encounters with Agency staff. This lack of overlap of projects amongst the different criteria used to identify problems indicates that there are no Agency-wide norms for determining the causes of project implementation delays. (See Appendix B, Table 1, for details.)

TABLE 1
OVERLAP OF CRITERIA USED TO IDENTIFY
PROJECTS EXPERIENCING IMPLEMENTATION DELAYS

<u>Problem Projects Identified by Category</u>	<u>Number of Projects</u>	<u>Percent of Total</u>
Projects included in all five categories	0	
Projects included in four categories	8	11
Projects included in three categories	18	24
Projects included in two categories	20	27
Projects included in one category	25	34
Projects not identified by these criteria	<u>3</u>	<u>4</u>
Total Number of Projects Reviewed	74	100

² The oldest loans and grants were obtained by scanning the PAIS reports; the FM portfolio review was prepared by Mark Matthews for the 1981 Supervision Portfolio Report; and the slow disbursing projects were identified from PAIS Special Report "AID Dollar Funded Project Assistance," JOB 5547-C369BNY, 27 July 1981, comparing cumulative expenditures to obligations beginning in FY 1977. Problem projects identified by management were obtained from lists submitted for the FY 1980 Portfolio Supervision Report and interviews.

For each project, summary evaluative data were requested from the Agency's automated data banks in order to determine: 1) the amount and quality of evaluative data; 2) possible patterns of causes of implementation delays; and 3) types of projects that have experienced these delays. The amount of evaluative data available for this sample of projects was smaller than anticipated and unevenly distributed. Out of the 18 problem projects identified by the Asia Bureau, only ten had been evaluated; of 25 projects in the Near East Bureau, six had been evaluated; of 38 projects in the Latin America Bureau, 16 had been evaluated; and of 60 in the Africa Bureau, all but 18 have been evaluated. The 20 oldest grants still having undisbursed funds were identified from a list of 75 active grant-funded projects begun before 1972. Evaluations were available for only 13 of the 20 projects. The oldest 20 loan-funded projects were identified in the same way; of those, only 16 had been evaluated. From the list of 56 abnormally slow disbursing loan and grant-funded projects, only 18 had been evaluated. (It should be noted that some of the documents which are coded as evaluations by the AID data bases are in actuality monitoring reports submitted using procedures for reporting on formative evaluations.) The portfolio review of potential problem projects was so extensive, and indicative of the need for more systematic monitoring, then only a sample could be examined in detail. A random sample was selected for detailed review. Of the 30 projects selected in the sample, about three-fourths had been evaluated.

From these evaluations, a taxonomy was developed that identified the types of implementation delays experienced and the apparent responsible agent, e.g., whether it was a design problem or a contracting problem and whether the actor responsible for the delay was AID, the contractor or the borrower. Appendix B, Tables 6 through 11, provides charts of the evaluative findings.

A cursory review of these five categories of projects with implementation problems confirmed the findings of previous studies and indicated there were insignificant differences in the distribution of implementation problems regardless of the definition used, the age of the project, whether it was grant- or loan-funded, the size or geographic location. The majority of problems associated with implementation delays could be traced back to the project design, contracting and procurement arrangements and personnel and were not the result of unforeseen or uncontrollable external factors such as changes in government or natural disasters.

To test the validity of these preliminary findings, a detailed analysis was undertaken of significantly delayed projects selected from the five categories and of three USAID missions, Indonesia, Bolivia and Tanzania, that appeared to experience more serious project implementation delays than others.³ Appendix B, Table 1, provides a list of the projects reviewed, and Tables 2 through 5 provide project profiles.

Information used for this analysis included all available evaluations (special evaluations and routine Agency evaluations) and audits and, in selected cases where the evaluative data were inconclusive, project files and information gathered from interviews with individuals familiar with or responsible for part of the project design or implementation. The projects used to illustrate various dimensions of the problem were selected for the clarity and magnitude of the issues discussed. Because of the variety of projects and the diversity of environments where they are implemented, broad comparisons of projects should be treated with caution. Nonetheless, it appears that the factors identified as contributing to implementation delays reach beyond those projects discussed here and, to some degree, affect most AID-funded projects. The study distinguishes between immediate and underlying causes of delay, and the recommendations reflect this perspective.

This study was undertaken in a three-month period in Washington, D.C., without the benefit and insight of USAID staff in the field, contractors or participants from host countries.

³ Bolivia was selected because the projects reviewed were experiencing serious implementation delays before the coup occurred in 1980 when the USAID mission virtually stopped project implementation.

CHAPTER II

RECENT INVESTIGATIONS INTO IMPLEMENTATION PROBLEMS OF AID-FUNDED PROJECTS

Since 1978, the Agency for International Development has been scrutinized about its management procedures, fiscal accountability and project planning and implementation. Whilst the focus of the myriad investigations has varied depending on the objective of the observer, the concluding list of problems contributing to project implementation delays is remarkably similar. Moreover, the problems appear substantially the same for other major donor organizations, such as the World Bank, that direct their assistance to helping the rural poor. Before reviewing the research in this area, it should be emphasized that any agency providing development assistance operates under tremendous obstacles and constraints, as was so aptly pointed out by the previous administrator of AID, Douglas Bennet, after one particularly unfavorable evaluation of the Agency. He commented:

. . . I would like to put the problems identified in the review into a somewhat fuller perspective of the Agency's broad mission than the report affords. Our task is not merely one of designing engineeringly sound infrastructure projects to fulfill known physical needs in a single, stable environment. . . . Our task is to assist 60 some countries around the world find ways in this century to solve intractable problems of underdevelopment which have shackled them from the beginning of time -- poverty, hunger, disease and ill-health, and the implacable pressure of population growth on resources inadequate to support basic human needs.¹

Whilst the basic goals of U.S. bilateral economic assistance have remained relatively constant since the early 1950s, the strategies for accomplishing these goals and the intended beneficiaries have changed markedly. After the New Directions legislation in 1973, the Agency initiated new types of projects that were intended to provide for "the basic human needs" of the

¹ Letter, Douglas Bennet to Mr. J.K. Fasick, Director, International Division, U.S. General Accounting Office, 22 April 1980, printed in the GAO report, "The Agency for International Development Needs to Improve the Planning and Monitoring of Project Implementation."

poorest citizens in developing nations and that emphasized the participation of project beneficiaries in the design and implementation of project activities. Although this strategy is more time consuming than previous approaches, project designers did not, as a rule, consider the time element in project designs. As a result many of these new projects have been planned for much shorter durations than they actually need to accomplish the stated goals. Moreover, some observers of the Agency have remarked that insufficient resources have been allocated to address the implementation problems arising from this shift in emphasis; as a consequence, the capability of AID to manage its programs has deteriorated, resulting in, amongst other problems, growing numbers of projects experiencing obstacles in implementation that cause cost overruns.

Seventeen studies recently undertaken to identify the causes of project implementation delays were reviewed for this investigation. (Appendix C, Tables 1 and 2, provide a taxonomy of the causes of project implementation delays identified by these investigations, the recommendations to eliminate them, and the overlap of focus amongst them.) The list of factors contributing to delays in project implementation identified by these 17 studies and the frequency with which each problem was cited are shown in Table 2.

TABLE 2
CAUSES OF PROJECT IMPLEMENTATION DELAYS
IDENTIFIED BY RECENT STUDIES

<u>Reasons for Implementation Delays</u>	<u>Number of Investigations Identifying this Implementation Delay</u>
Political Environment in which Development Assistance Occurs	10
Exogenous Factors	2
Poor Project Preparation/ Design	9
Host Country Factors	11
Contract and Procurement Procedures	11
Personnel	9
Poor Project Management	11

As can be seen, there is a remarkable consistency amongst the studies in attributing reasons for project implementation delays, even though there are no indicators of implementation problems generally accepted by development experts. Although each study has a slightly different criterion for categorizing implementation problems, they appear to agree that poor project management, contractual and procurement inadequacies, and host country problems such as lack of borrower commitment, funding and staff were the principal culprits. Each of these categories was cited by 11 of the 17 studies as reasons for implementation delays. Ten of the studies referred to the political environment in which economic development assistance occurs as a contributing factor to project delays; poor project preparation and inadequately and inappropriately trained project personnel were each referred to by nine of the studies. Surprisingly, only two studies held exogenous factors such as inflation, political turmoil, etc., as causes of implementation delays. Each of these categories, with the exception of personnel, which is covered under host country factors and poor management, will be discussed briefly to illustrate the perspective of recent research.

Political Environment

Foreign assistance occurs in an environment in which the donor and borrower frequently have conflicting objectives and different styles for accomplishing these objectives. Donor agencies operate under tight time constraints and specific political and economic goals. In the case of AID, Congress legislates a foreign aid package that is intended to promote U.S. political and security interests overseas. These broad objectives are supplemented by numerous, sometimes contradictory and frequently changing stipulations on how to accomplish them. At present, the U.S. bilateral assistance program is targeted to benefit the rural poor, in the past it focused on infrastructure development, and in the future it appears there will be an increasing "emphasis on technology transfer, institution building and a new area, the private sector."² Each new thrust expresses the special political interest of a group that has a limited period of time to achieve their objectives and creates enormous pressure for quick results.

² Memo, AA/Asia designate, Jon Holstine to R.T. Rollis, "Asia Bureau FY 1983 Annual Budget Submission," 14 July 1981.

Similarly, the recipient nations of foreign assistance have their own political agendas, which are not necessarily the priority of the donor. As one study pointed out, "A striking feature of the evaluation reports is their description of the uncertain relationship between host government policies and project objectives and outcomes." In order "to maximize aggregate foreign assistance," it has been argued, borrower nations will pay lip service to the goals of a project, but once the contracts are signed redirect their attention and support to the areas they have selected to concentrate on. Thus, it is in their interest to get as much "untied" foreign aid as possible. They, too, are primarily interested in projects that have the potential for substantial visible impact within a short period.³

Exogenous Factors

There are a number of occurrences which cannot be foreseen at the time projects are designed and over which project managers have little control that greatly alter project dynamics and cause significant delays in implementation. A World Bank study succinctly summarizes unforeseen events that delayed the projects they investigated in 1980.

In 19 of the 42 cases there were delays in implementation due to other causes which could not have been foreseen and which were beyond the control of the Bank and/or the borrower. In only one case [Turkey], a change of government led to significantly changed official attitudes towards Bank-financed projects. In five cases, projects were disrupted by severe disturbances, strikes or the aftermath of wars [Jamaica, Sites and Services; Mauritania, Livestock; Pakistan, WAPDA; Malaysia, Power; and Bangladesh, Highways]. In two cases, political actions taken by the borrower delayed project implementation: a new land reform program which grew out of a radical change of government affected directly one of the agricultural projects in Ethiopia, and legal action against civil servants caused delays in the implementation of a Bank-

³ For a detailed discussion of the consequences of these differing agendas, see Elliott Morss and Christopher Nordlinger, "Sustaining Project Benefits," a report prepared for PPC/E/PES, October 1981, pp. 22-24; Elliott Morss and Victoria Morss, The Development Game, forthcoming, Westview Press, Chapter IV; and Alice Mortor et al., "Aid Impact Evaluations: The Lessons of Experience," June 1981, p. 12.

financed road project in Tanzania. Finally, 10 projects (including five already mentioned under this category) were affected by exceptionally bad weather.⁴

Other exogenous factors that regularly contribute to project implementation delays are amenable to correction. Inflation is an example. The World Bank study found that, after the 1973 increases in oil prices, inflationary forces, especially in developing nations, adversely affected projects under implementation. They commented:

Inflation was a contributing factor to delays found in all civil works contracts, a factor in contractor bankruptcy, the prime factor in material shortages - especially the shortage of cement - and the overriding factor in delays in letting contracts in five cases. It was the cause of prohibitively high contractors' bids in the Cameroon Road project; prolonged bid evaluation and rebidding in the procurement of equipment for transmission lines in the India Power project; prolonged bid evaluation and rebidding also in the procurement of equipment from abroad in two agricultural projects in India and the Philippines; and in the renegotiation of overseas suppliers' contracts in the Pakistan Power project.⁵

Now most Bank-funded and AID projects provide for the effect of inflation in project financial plans.

Poor Project Preparation

Deficiencies in project design and preparation appear to be considered the most important underlying cause of implementation delays. These deficiencies were normally viewed from two perspectives: the bureaucratic structure of AID and project design documents.

As presently structured, the Agency emphasizes the development of a foreign assistance strategy document for each country in which it operates, and a detailed project document for each project it intends to fund. Preparation of these papers is done

⁴ Operational Policy Review: Delays in Project Implementation, Report No. 2946, April 11, 1980, Operations Evaluation Department, The World Bank (Washington, D.C.), p. 21.

⁵ Ibid., p. 20

at the USAID missions and is enormously time-consuming. Once they are completed, they are submitted to AID/Washington for review and approval prior to the obligation of funds. Studies have criticized the amount of time and energy devoted to this process. A report done by Development Alternatives concerning integrated rural development projects initiated between 1974 and 1976 found that it took over two years to design and get a project approved. Another report by Booz, Allen and Hamilton two years later on a larger, representative sample of projects, found 20 months elapsed from project identification to the obligation of funds.⁶

During these lengthy delays a number of things can happen that negatively affect the project: the political and economic environment might change, the people involved in the design might be assigned to new posts, and the intended beneficiaries might forget about or lose interest in the idea.

The Agency is aware that the amount of time and resources that are devoted to planning and designing programs and obligating funds is out of balance with the time and resources allocated for implementing projects, and has taken steps to streamline the processes, but according to some critics, insufficient steps.⁷ Now only does it take an unconscionable amount of time to begin disbursement, as the diagram below illustrates, the design documents as a whole do not reflect a realistic picture of what will be done or how long it will take. As one study stated

⁶ Donald R. Mickelwait et al., New Directions in Development: A Study of U.S. Aid, (Boulder, Colorado: Westview Press, 1979), chapter 3; Booz, Allen and Hamilton, "Study of Selected Aspects of the Project Assistance Cycles," prepared for AID (AID/otr-C-1639), October 1978.

⁷ In recent testimony before the House Subcommittee on Legislation and National Security, Samuel Bowlin, the Assistant Director of the International Division of the General Accounting Office, commented that AID was aware of the implementation delays that resulted from this misplaced emphasis on design, but had not yet concentrated on appropriate solutions. Testimony on "AID's Administrative and Management Problems in Providing Foreign Economic Assistance", 6 October 1981. Concomitant with the Hearings, the Agency issued some recommendations to improve project implementation that included modifications of the frequency with which country development strategy papers would need to be written and suggestions that the project papers requirements be reduced. "Summary Action Recommendation to the Administrator on Proposed Improvements in the Agency Programming and Implementation Process," 10 October 1981, pp. 2-5.

the problem, the "project paper" is essentially a 'sales pitch' for the set of decisions already reached within the missions and with the host country concerned." Insufficient attention is given "to the actual social, economic, political and administrative processes at work in the political environment, and to considerations of how inputs may be predicted to interact with those processes in achieving project objectives." Wrong assumptions are often made about the interests of the intended beneficiaries,⁸ and project implementation plans are frequently more optimistic than realistic. To alleviate this problem, the Agency is considering requiring that all project papers include detailed implementation plans designed "collaboratively with the host government."⁹

	/ PID /	/ PROJECT PAPER /	/ PROJECT DISBURSING
0	3 months	12-18 months	34 months into cycle

Project development, including the preparation of required project design documents takes place within a budgetary cycle that can take up to 34 months. In the final analysis, it is the elapsed time required by the budgetary cycle that determines when a project can be designed and when it can begin to disburse.

Host Country Factors

Another factor, the investigations documented, that contributed to implementation delays was the lack of commitment by the borrower to project objectives and/or inadequate financial resources and manpower to devote to the project. Many projects suffered from all three defects; in these cases it appears no distinction was ever made between the borrower accepting a project and its ability or commitment to implement it. This problem was illustrated by a recent audit of the Sahel program:

⁸ Alice Morton et al., op. cit., pp. 21-26.

⁹ "Summary Action Recommendation to the Administrator," op. cit., p. 6.

There is strong and convincing evidence the Sahel cannot effectively utilize the amount of financial and technical support it currently receives from the donor community. There is a large and growing gap between donor commitments and disbursements of financial assistance. All of the Sahel projects we reviewed are behind schedule. One cause was the recipient governments' inability to effectively absorb these development resources. Even when successfully completed, the recipient governments are unable to continue the projects' activities without additional donor support because of a lack of financial resources. This lack of absorptive capacity is a Sahel-wide problem which should receive urgent attention. . . .¹⁰

The administrative capability of developing nations to implement donor-assisted projects differs widely from the poorest to richer nations. However, in the poorest nations, where much of AID's assistance is presently directed, the administrative institutions are already overloaded. They are not structured to manage the projects as they are designed; they lack the financial resources (recurrent budgets) and accounting systems to provide reliable information on the uses of foreign aid or to assume project activities as foreign assistance is phased out, and the trained staff are stretched so thin they are often move from project to project, job to job, on an emergency basis. Consequently, projects proceed more slowly than planned, expatriate technical assistance teams take on more project tasks, the transfer of knowledge and building of local capacity is reduced and, in the worst cases, the project collapses when aid stops. As one study sadly reported, "Until recently, nearly all foreign donors have ignored the dependency problem during the project programming exercise."¹¹

The magnitude of these problems would be reduced, most of the pertinent reports argue, if the borrower participated more in the project conception, preparation and design.

¹⁰ AID, The Inspector General, "Improvements Must be Made in the Sahel Regional Development Program," Audit Report No. O-625-81-52, 10 March 1981, p. 13.

¹¹ Paul R. Crawford, "Implementation Issues in Integrated Rural Development: A Review of 21 USAID Projects," IRD Research Note No. 2, Development Alternatives, Inc. (Washington, D.C.), 4 May 1981, p. 107; Morss, "Sustaining Project Benefits," op. cit., p. 5; World Bank, Operational Policy Review, op. cit., pp. ix, x.

Contract and Procurement Procedures

Contract and procurement regulations and policies of both donor agencies and borrowing nations are complex, burdensome, time-consuming and significant contributory factors to implementation delays. The studies document that large numbers of AID field staff responsible for project implementation do not understand the contracting and procurement regulations of their Agency, or those of the host government. Host government officials are rarely conversant with AID's regulations and contractors are caught in between, unable to understand either system and thoroughly muddled.

Of all the issues contributing to implementation delays, this is the one that has received the most attention by AID. Workshops have been held, handbooks have been written and rewritten, classes have been offered, task forces have been established to develop measures to alleviate contracting delays, consultants have been hired to modify the system, regulations have been changed and still the problems persist.¹² Booz, Allen and Hamilton reported that the average time to prepare and negotiate a fully competitive contract at AID took 306 days or 10 months.¹³ In 1978, the late Dr. George Wing was asked by the Administrator to identify the most severe constraints to project implementation, other than those relating to AID staff and host country capacity, two items which were explicitly excluded from his review by the terms of reference prepared by AID. In the report prepared by Dr. Wing, which considered both Washington and field views, procurement and contracting ranked highest on the list of implementation problems. As a result of this and several more recent studies, the Agency has initiated internal reforms to permit additional procurement and contracting in the field with the intention of reducing the amount of time needed to order and receive project commodities and hire contractors. They include the following:

- Authorization of senior area contract officers to sign contracts up to \$5 million;
- Authorization of mission contract officers to sign contracts up to \$1 million;

¹² Memo, Edward Costello to Irwin Coker, "Wrap-up Meetings for Sahel Contractors Workshop," Workshop on AID Project Implementation in the Sahel (Washington, D.C.), 26-27 June, 1980.

¹³ Booz, Allen and Hamilton, "Documentation and Evaluation of SER/CM System," March 1981, charts.

- Authorization of missions to make grants to PVOs up to \$1 million;
- Permission to procure goods and services up to \$100,000 without competition; and
- Permission to principal officers to sign contracts up to \$100,000.¹⁴

Intricate contracting and procurement procedures of borrower nations were well documented by the World Bank. They stated "Complex contracting procedures of the borrower contributed to delays" in the following ways:

. . . [C]umbersome prequalification methods, bidding systems, and clearance processes emerged as main factors. Financial problems, resulting from underestimation of costs or price increases, contributed to delays in letting contracts and, in some cases, to retendering. The situation was aggravated in the sample reviewed for this study, which was affected by sharp and unforeseen price increases in the early 1970s. Given the financial stringency of many borrowers, an inter-acting spiral of time and cost overruns can have serious implications for project implementation, especially in inflationary times.

They went on to add that these delays seriously compromised the financial viability of many contractors in developing nations, as was illustrated by efforts to complete the civil works components of projects.

About two-thirds of the 32 sample projects in this category ran into some form of financial hardship. At least a dozen projects reviewed suffered from contractor undercapitalization, bankruptcy or related problems which were sometimes caused or exacerbated by inflation, and almost an equal number suffered from the borrower's financial constraints. That delays have a cumulative effect is apparent from 27 of this group of 32 projects in which delays in the start-up phase carried forward into project execution.¹⁵

¹⁴ Memo on Wing Survey - 1978 - Project Implementation Constraints, R. Long to B. Sidman, 16 April 1980; "Action Recommendations to the Administrator," op. cit., pp. 10-12.

¹⁵ World Bank, Operational Policy Review, op. cit. pp. v-viii.

Poor Project Management

Implementation of the U.S. bilateral assistance program, and increasing of the programs of other donor agencies, is primarily the responsibility of the borrowers and contractors. The donor's role is one of implementation support and oversight. Thus project management involves three groups -- the donor, the borrower and the project contractor -- with distinct roles and responsibilities.

The crucial problems resulting from poor management capabilities on the part of the borrower were discussed above. These deficiencies are familiar to development experts; in fact, they are practically an inherent characteristic of the administrative environment in developing nations, yet projects are rarely designed with explicit management components to provide assistance to these extremely fragile and vulnerable institutions.¹⁶

Project contractors have also been guilty of poor management practices, according to a number of studies. Foreign contractors and consultants often lack technical experience for the job, fail to understand the customs and working habits of their counterparts, and frequently are unable to provide goods and services on a timely basis. The World Bank pointed out how contractor performance can affect implementation.

In a water project in Columbia, the foreign firm hired to carry out the tunnel construction (the most important component of the project) failed to perform as expected. Subsequently, external consultants concluded that the poor performance was due to lack of experience, lack of planning to cope with the problems that frequently appear in tunnel construction and failure to establish good working relations with borrower personnel. Supervision of construction by the project agency was not as strong as was needed under the circumstances. When it was clear that no amount of remedial action would resolve a rapidly deteriorating situation the contract was terminated, but not before a delay of three years had resulted from slow tunnel construction.¹⁷

¹⁶ A management strategy paper entitled "Management Development Strategy Paper: AID's Response to the Implementation Needs of 1980's," was written in June 1981 by a team of experts for the Office of Rural Development and Development Administration, Development Support Bureau, to address this subject.

¹⁷ World Bank, Operational Policy Review, cp. cit., p. 16.

There are monitoring mechanisms in most donor agencies, including AID, to assess contractor performance, so when things are not functioning, steps could be taken to make adjustments before project activities become hopelessly mismanaged and implementation becomes delayed. In the case of AID, the quality of project management varies extensively from mission to mission depending on the importance placed on this responsibility by the mission director and the caliber of the staff. In general, however, monitoring and supervision of project implementation have been inadequate.

According to Dr. Wing's investigation, the Agency was not interested in project management. The bureaucratic structure required staff to spend all their time on the previously mentioned development strategy papers, project papers and funding justifications. The Portfolio Supervision Report completed earlier this year concurred in this view: Mission staff spend their time generating papers and have no time for implementation problems. Moreover, the staff turnover is so frequent and untimely, there is often no one around remotely familiar with the project or even responsible for it.¹⁸ In short, mission staff don't perceive that they have the time to perform this implementation support and oversight role, are not really trained to do it, and don't have the authority to make necessary changes.

Conclusion

In conclusion, the previous studies have pointed out that implementation efforts are often plagued by problems that seriously compromise their production and delivery of benefits and, thus, their intended impact. They occur because of innate characteristics of the political structure, scarce resources, national policies that do not always support the goals of development assistance, administrative procedures and regulations of the donor and borrower agencies that are inflexible and cumbersome, and inadequate project preparation and management.

Against this background, let us now turn to the Agency's project portfolio to review the patterns of implementation delays in AID-funded projects.

An Overview of Disbursement Patterns

Over the years, AID has installed and used innumerable monitoring systems to report on the implementation status of projects and the disbursement of funds. But no system has been uniformly enforced and all have been sporadically employed. Each regional

¹⁸ Wing Survey, p. 6, Interview Frank Kenefick, 6 August 1981.

bureau and mission has its own way of tracking projects and the type of information reported has not conformed to any standard.¹⁹ Prior to 1977, whatever statistics were collected were randomly reported, often inaccurate, and dated by the time they were tabulated. Most importantly, no one in the Agency has really been assigned the oversight role for portfolio management, so the data have rarely been used as a management tool.²⁰

In May 1981, a Portfolio Supervision Report was prepared by the Agency to report on the status of project assistance throughout the Agency and to review the system for monitoring projects. It was the first report of this nature prepared since 1977. The report found significant quantitative changes in the project assistance portfolio. Since 1975, the number of countries assisted and projects authorized had increased. Considering inflation, the amount of funds obligated remained relatively constant over the period, yet in each year obligations grew faster than expenditures, resulting in a rapid growth of the Agency's pipeline. At the same time, the size of AID's staff declined.

¹⁹ The Africa Bureau, for example, is in the process of establishing an automated project tracking system that would provide quarterly, early warning signals about projects not disbursing funds on a timely basis. Similar systems are being contemplated by other bureaus. The Office of Financial Management has designed an automated mission accounting control system that will be installed in several missions next year on a trial basis. Interviews, Mark Matthews, 15 October 1981, George Ruble, 26 August 1981.

²⁰ But this is not to say that individuals in the Agency have been unaware of the importance of access to accurate project financial data. In 1979, a study on the financial utilization and absorptive capacity of the Sahelian countries was commissioned. Missions were asked to verify information on project expenditures and obligations available in Washington. The responses were curious: some queried the authority to request the information; others promised to respond and did not; still others provided responses widely at variance with data available in Washington. Mark S. Matthews, FM/PAO, "Sahel Pipeline Analysis," January 1981, and Interviews, October 1981.

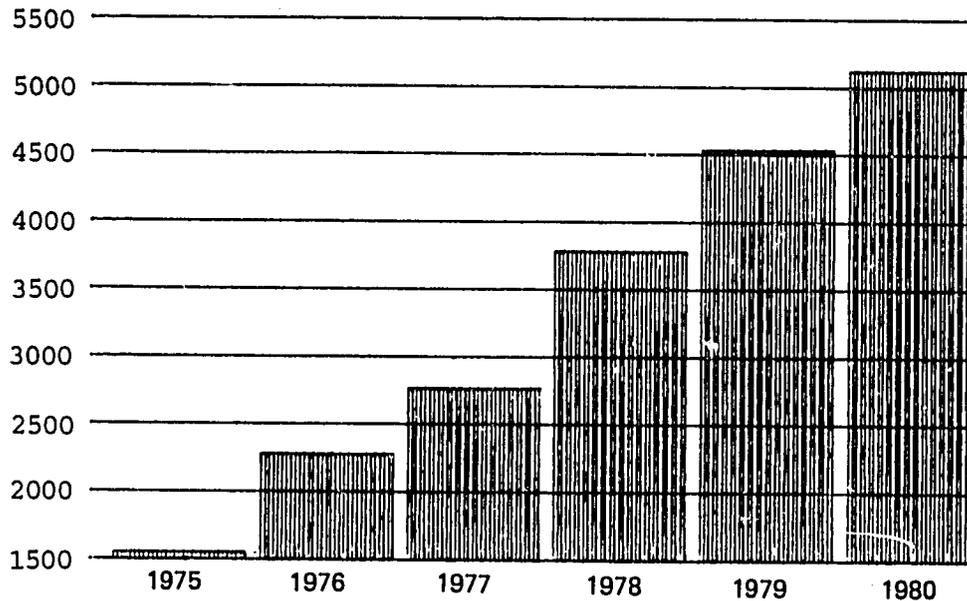
TABLE 3
AID PROJECT ASSISTANCE FY 1975-FY 1980
(\$ billions)

	FY 1975	FY 1980	Percentage Increase
Countries Assisted	56	90	61
Projects Financed	1550	1970	27
Obligations	1.278	1.893	48
Expenditures	.947	1.320	39
Undisbursed Balance	1.551	5.118	229

Table 3 shows that the project assistance pipeline (amount of undisbursed funds) increased a dramatic 229 percent, or by almost \$3.6 billion over this period. The number of countries assisted increased 61 percent and the number of projects increased 27 percent.²¹ The following bar chart provides details of this increase by showing the amount of undisbursed funds at the end of each fiscal year since 1975.

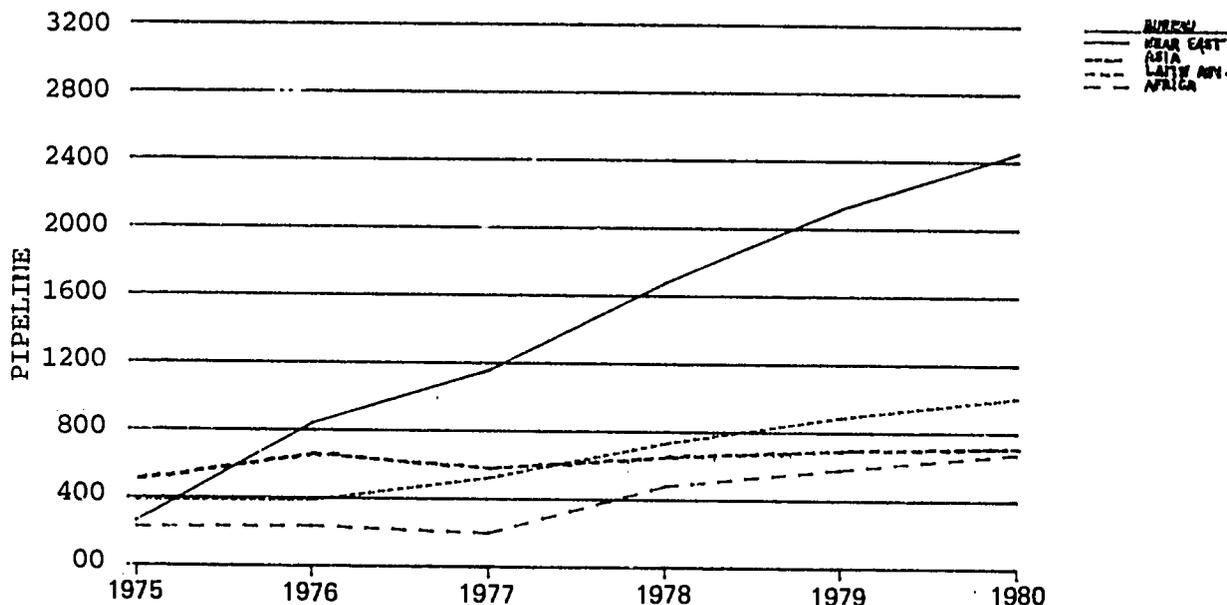
²¹ The number of countries assisted in Asia and Latin America Bureaus has remained approximately the same; the number in the Near East Bureau increased about 50 percent, and the number in the Africa Bureau increased 126 percent to almost equal the total number of countries assisted by all the other bureaus combined.

AGENCY FOR INTERNATIONAL DEVELOPMENT
TOTAL PIPELINE END OF FISCAL YEAR
(\$ Millions)



The distribution of the pipeline amongst the four regional bureaus is very uneven, as the next graph illustrates. During this six-year period, annual obligations Agency-wide increased 48 percent; the amount of undisbursed funds in the Latin America/Caribbean Bureau only increased 41 percent; in the Asia Bureau, the increase was 159 percent; in the Africa Bureau it was 195 percent; and in the Near East Bureau it was an unmanageable 829 percent. In looking at the vast increase in the Near East Bureau, it should be remembered that most of the disbursed monies are represented by large additional obligations of Security Supporting Assistance and Economic Support Funds to Egypt. In fact, ten USAID missions in FY 1980 were responsible for 65 percent of the Agency's undisbursed project funds. (Appendix E lists the obligations, disbursements and pipeline of each of these missions since FY 1976.)

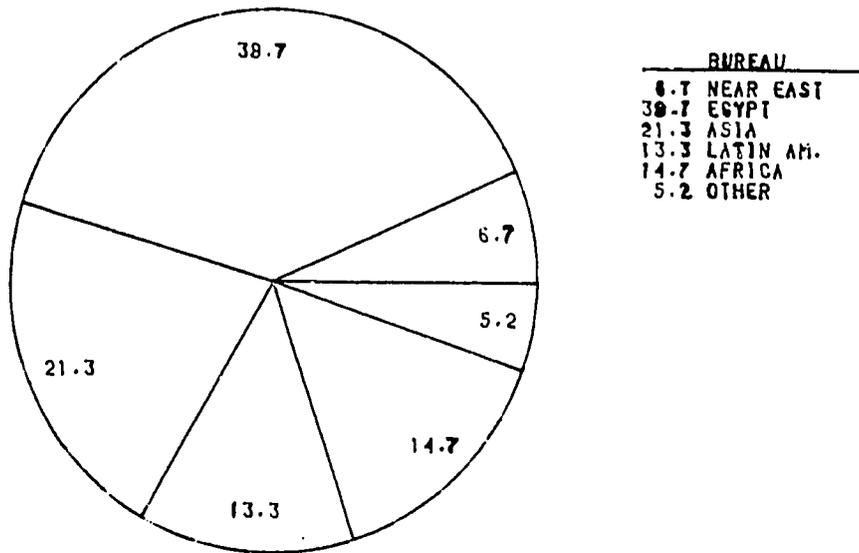
AGENCY FOR INTERNATIONAL DEVELOPMENT
OUTSTANDING PROJECT PIPELINE BY BUREAU
AS OF END FISCAL YEAR
(\$ Millions)



Looking at a Bureau's pipeline is one of the few management tools the Agency currently has at its disposal, and it is obviously weighted heavily on the quantitative side.²² Pipeline data are prepared quarterly (by PAIS) for every project. These statistics provide the cumulative obligation for a project as of a given date, the total amount of undisbursed funds (the pipeline), and a breakdown of the years in which those undisbursed funds were obligated. Thus projects over five years old with significant amounts of undisbursed monies that were obligated early in the life of the project signal delays in implementation. The following pie chart compares the amount of undisbursed funds in each regional bureau as of 30 June 1981. As can be seen, the Near East Bureau was responsible for just over 45 percent of the Agency pipeline, but of that amount, Egypt accounted for almost 39 percent.

²² An effort was made to compare the disbursement patterns of AID-funded projects with those of the World Bank. A program was prepared to retrieve (from PAIS) obligated and expended funds by project activity or function by year to provide a level of disbursement over time for different sectors. The effort failed: the division of activities into sectors was not compatible with the World Bank classification, and the PAIS did not store data in a manner that provided reliable information on how long it took to disburse funds.

AGENCY FOR INTERNATIONAL DEVELOPMENT
% DISTRIBUTION OF PIPELINE BY BUREAU
AS OF JUNE 30, 1981



(Note that Egypt is shown separately, due to its special character. If all projects in the Near East Bureau are considered together, the percentage becomes 46.4.)

The quantitative data indicate the Agency is experiencing increasing difficulties in disbursing obligated monies. The next chapter will illustrate some of the factors that have contributed to the difficulties.^{2 3}

^{2 3} This section was prepared using the following sources: PAIS, "Project Pipeline by Fiscal Year Summary by Appropriation within Region," 26 October 1981, Job 330-C369; "Fiscal Year 1980: The Portfolio Supervision Report," submitted to Mr. M. Peter McPherson, Administrator, May 12, 1981; and graphs prepared by Charlene Febrey, using the computer plotter.

CHAPTER III

CAUSES OF IMPLEMENTATION DELAYS: SOME ANECDOTAL INFORMATION

Project implementation delays rarely result from one planning or design error. If, for example, the assumptions about the local environment are fallacious, this inevitably leads to inaccuracies in the project design which, in turn, often results in inappropriate contractual arrangements. Thus in some respects implementation delays can be hierarchically classified.

The purpose of this chapter is to discuss and illustrate some implementation delays that result from weaknesses and imperfections in more basic issues such as poor project design, donor and borrower exigencies and inflation which have been well-documented by earlier investigations (See Chapter II).

Based on a review of numerous definitions of "slow-moving" projects and the lists of projects those definitions produced, the 74 "slow-moving" projects for which evaluations or audits had been performed were systematically examined. This review, the findings of which are summarized in Appendix B, Tables 6 through 11, indicated that 92 percent of all implementation delays were project specific, i.e., they were the result of poor organizational arrangements, and coordination, delays in the procurement of goods and equipment, poor planning, poor management, inadequate financial arrangements, poorly conceived contractual arrangements and inexperienced staff. They were not caused, as had been hypothesized in other studies of implementation problems by exogenous factors (8 percent of the total) such as natural disasters, inflation, market price fluctuations, changes in the political environment and so forth. Table 4 provides a summary of the frequency distribution of implementation problems and the agent responsible for the problems -- AID, the host government, contractors or others -- as identified by the evaluation and audit abstracts.¹ The frequency distribution of implementation problems cited in this sample points out that project management (the cause of 26 percent of all delays) and project planning (the cause of 18 percent of all delays) are the

¹ In this sample there were far fewer audits than evaluations and several projects were evaluated and audited more than once. The frequency distribution of implementation problems includes each evaluation and audit. See methodology section for details.

TABLE 4
SUMMARY OF IMPLEMENTATION DELAYS IDENTIFIED IN 74 "SLOW-MOVING"
AID-FUNDED PROJECT EVALUATION AND AUDIT ABSTRACTS

PROJECT FACTORS	EVALUATIONS					AUDITS					%	SUB-TOTAL
	RESPONSIBLE AGENT				SUB-TOTAL	RESPONSIBLE AGENT				SUB-TOTAL		
	AID	HOST COUNTRY	CONTRACTOR	OTHER ¹		AID	HOST COUNTRY	CONTRACTOR	OTHER ¹			
Planning	38	32	3	31	104	7	6	2	2	17	18	121
Staff/Experience	3	50	13	36	57	1	9	7	1	18	11	77
Funding/Finance	4	30	6	21	61	3	8	8	0	19	12	80
Coordination/ Communication	2	23	7	19	51	1	3	1	0	5	8	56
Performance/ Management	9	71	26	28	134	15	15	9	2	41	26	175
Equipment/ Transportation	7	13	7	19	46	0	4	4	2	10	8	56
Policy	4	24	2	6	36	5	5	1	0	11	7	47
Contract	4	3	6	3	16	2	4	0	2	8	3	24
SUB-TOTAL	71	246	70	163	505	34	54	32	9	129	92 ²	634
<u>EXTERNAL FACTORS</u>												
Natural Disasters				9	9							9
Polit. Situation	1	4		3	8		2			2		10
Inflation		4	1	5	8		1			1		11
Change in Strategy		3		3	6							6
Market Price Fluctuation		2		1	3							3
Shipping Damage		1		3	4							4
Other		5		4	9							9
SUB-TOTAL	1	19	1	20	49		3			3	8	52
TOTAL	72	265	72	191	554	34	57	32	9	132	100	686

¹ The column under Responsible Agent entitled "Other" refers to project and external factors for which the Responsible Agent was unclearly identified in the evaluations and audit abstracts.

² Figures are rounded.

two most serious causes of implementation delays. The primary responsible agents for these delays are: AID in the case of project planning, and the host country in the case of project management.

Given this distribution of problems, several case studies have been developed because: 1) they are illustrative of some of the most frequently encountered implementation delays; and 2) they are symptomatic of implementation difficulties the Agency is in a position to do something about. The cases are presented below. The review illustrates key problems using both quantitative and narrative techniques.

Overestimation of Host Country Willingness and/or Capacity to Comply

In June 1981, the mission director of the AID program in an African country informed the Minister of Economic Affairs and Planning that the final deadline for signing the Project Agreement for a health project had expired, the funds had been deobligated, and the AID staff responsible for project management had been reassigned. Almost four years had elapsed since the PID had been written, approximately one-half million dollars had been spent on the project design (not including the time invested by AID staff), and the largest health project in Africa (\$30 million in loans and grants) and the largest project in the mission portfolio had, to use the colorful terminology of one reviewer, aborted. What went wrong, and why wasn't anything done to modify or terminate the project before so much time and money had been spent?

Discussions about the project had begun in the spring of 1977 when the director of a program at a major U.S. university visited the mission to explore how best to adapt some of the work being done at the university to the specific needs of the African country. The health concept was a model for delivering primary health care services using mid-level paraprofessional health workers. The model was developed by the university under a contract with AID, with the intention of testing the concept in several international settings. After the initial visit of the university group, a PID was submitted to AID/Washington (June 1977) and a year and a half later approved upon establishing that top policy and decision-making echelons of the African nation attach the highest priority to proceeding with the health services project. In August 1979, following interminable disputes between AID/Washington and the mission over the "predominant capability" of the university that had visited the mission, that group was selected from 11 universities to design a project under the collaborative assistance mode. A team of 11 people arrived in the

African country with the project manager (a new AID employee who knew nothing about the country to which he had been assigned). No preparation had been made by the mission for the project design; no data were collected, no contracts were established with relevant government officials. After three and a half months of work, a project paper was submitted to the mission and rejected. The mission decided it was necessary to revise the document, so they extended the university's contract and assigned three or four mission staff to help them. A second project paper was prepared by this team, which was now physically located in the Ministry of Health, the agency responsible for implementing the project. The Minister assigned someone to negotiate the details of the design, but this person was rarely available. In essence, the project paper was designed by a team of foreign experts and AID staff with the verbal acquiescence of the African government.

The product was good. It was well-documented, professionally and technically unassailable, and passed the Washington review and approval process in a record week without difficulty. A project agreement was prepared and submitted to the African government for signature by 31 August 1980. The mission expected the agreement to be signed, but the deadline passed without approval, as did a second deadline of 30 September 1980. The government was given until June 1981 to sign the agreement. At this time negotiations became muddled. The Ministry of Health and the Ministry of Economic Affairs and Planning were responsible for reviewing and approving different aspects of the project; the former had to approve the technical components, the latter the financial. Each ministry assured the mission that the project would be approved, and that there were no problems with the concept; only a few technical issues needed to be sorted out. The mission tried, unsuccessfully, to arrange a meeting between the three actors to resolve these issues, but according to the mission director, "something serious [was] wrong somewhere and I still cannot find out what it is." For eight months responsibility for the decision was passed from one group to another, appointments were cancelled, fatuous excuses for delays were made, and finally, when the next deadline to sign the agreement of 5 June 1981 passed, the project was dropped. The Minister of Economic Affairs and Planning seemed relieved and offered a friendly explanation of why the project agreement was never signed by his government. The project, he said, "reflected an inappropriate approach to project development" for his country. It was too big; the Ministry of Health didn't have the budget, staff or management capability to implement it. The project development was based on AID's views on how to undertake a project; it did not reflect an African perspective.²

² Material for this section was found in memoranda on the project and was supplemented through interviews by the author with AID staff who knew the project.

Lessons Learned

The failure of this project to be accepted by the borrower illustrates several problems in the Agency:

- Lack of collaboration with host country officials in project conceptualization and design;
- Promotion of development ideas regardless of their merit in a particular setting; and
- Inability of the Agency to identify poorly conceived projects and do something about them before enormous resources are invested.

It is the responsibility of the USAID missions to ensure that projects are compatible with the development objectives and goals of the borrower nation, and the only way to ensure that that occurs is to talk regularly with the officials responsible for the foreign assistance portfolio and the technical experts who ultimately will be responsible for project implementation. In this case, that clearly did not happen. Several USAID participants in the project design stated that efforts were made to work with counterparts, but that they were too busy to participate on a regular basis. Unfortunately, this is a common problem in working with the ministries of many developing nations (See Chapter II), and does not represent the ideal collaborative style. Although team members discussed and worried about the problem, none bothered to ask if the lack of collaboration was symptomatic of dissatisfaction with the whole concept. It was. The project idea was essentially foisted on the borrower country. Research had been done on a problem, a model to eliminate the problem was designed, and areas to try it out identified. In essence the project was a blueprint that could be adapted to special environments; however, in this case the designers didn't even bother to adapt the blueprint until they were forced to.

When a concept for a project evolves without the assistance of the intended borrower, one of several things can happen; the project idea will be rejected outright; it will be accepted with the belief that the most offensive aspects of the design could be modified or dropped during implementation; or, subtle signals will be given to alert the donor that things are not in order, which is what happened here. But the signals were ignored, because there is a notion of "sunk costs" in AID; the funds had already been authorized, staff had been posted and investments

in design had been made. Moreover, it was a huge, highly visible project, which provided the motivation for many people to see it succeed.

The last point this project illustrates is the inappropriate nature of the project review and approval responsibilities of AID/Washington. The project paper that was eventually submitted to AID/Washington was flawless for achieving approval. Technically it was sound, all the concerns about the interest and ability of the host country to accept and manage it were addressed, and all the AID regulations concerning the environment, the beneficiaries and so forth were satisfied. The project paper was designed to pass review. In short, the oversight committee is not concerned about the right questions. They want to know if project designs are technically accurate and satisfy the Congressional mandates, not if they are acceptable to and worked out with the borrower, except on a superficial level.

Problems with Contractual Arrangements and Procurement Delays

In 1973, the Agency signed an agreement with an Asian government to participate in a multilateral effort to rehabilitate and expand the power system of that country. Specifically, loans were provided on the recommendation of a study prepared for the World Bank to develop a transmission system in the central part of the country. The project is years behind schedule and the cost overruns are enormous. What happened to cause such egregious violations of contract management?

The project was designed to be implemented by the host country with the assistance and supervision of a U.S. firm. This firm was required to provide technical advisors, supplies and equipment, and assist in the selection and management of local contractors. Their contract was not signed until a year and a half after the project agreement was signed; this delay was a harbinger of future events. Three organizations -- AID, the U.S. consulting firm, and the national power company -- were jointly responsible for preparing, evaluating and awarding contracts to local firms. The time needed to coordinate their efforts in contracting arrangements put the project over four years behind time by 1979, and that, combined with a high inflation rate, reduced the purchasing power in local currency by about 90 percent.

Despite complicated procedures for selecting local contractors, prequalification screenings were inadequate. Contracts were awarded to firms with the lowest bid regardless of their

experience or staff, or financial ability to manage the contract. As a consequence, construction was shoddy and had to be redone, or delayed because the firms didn't have sufficient capital to pay their employees, who quit.

The U.S. firm exhibited poor management that contributed to a cost overrun of 180 percent for their contract. They had a regular turnover in project managers, and delays of up to a year in the delivery of supplies and equipment. As one audit reports, "When materials are as crucial to the success of a project [like this one], then extra efforts need to be expended to ensure that they will arrive as scheduled." In this case, the extra effort recommended was that the mission get more involved to sort out the problem, a suggestion that was rejected on the grounds that "micro-immersion into project level work packages was 180 degrees at variance with its most recent instructions."³

During the same period, another large infrastructure development project was experiencing similar implementation problems. This loan provided for the construction and repair of roads and bridges in the northern part of the same country. It too was designed to be implemented by the host country, using local firms to do the construction with the assistance of a U.S. supervisory engineering firm. The project plan anticipated a four-year construction program concurrent with the training of host-country engineers and contractors. Construction took almost twice as long as planned, and the full development of an institutional road construction capability is still indeterminable. As one evaluation commented:

The many implementation problems encountered on this project are not unique and are being experienced by other . . . road betterment donors, in varying degrees. They stem from the inherent difficulties in operating at remote locations, under frequently extreme logistics handicaps.

The contracting problems were endless. According to agreement, the consulting engineer arranged with a local consulting firm in October 1975 to provide all the local staff for their contract. Because of the location of the project site and salary rates, they were unable to find and place engineers on the site to help the consulting engineer until late in 1978. Contract management issues were never satisfactorily resolved, and

³ Material for this section was taken from a 1979 AID audit report and from project evaluation materials.

they were complicated by the technical deficiencies of the local contractors. Errors and omissions in design work required new surveys of basic ground data, redesign of drainage, realignment of roads and redesign of bridges. Construction equipment was not appropriate, and the contractors lacked the facilities, spare parts and personnel to repair and maintain it. As a result, local contractors were unable to accomplish their tasks and correcting them took years and changed the nature of the role of the consultant engineering firm which,

. . . as would be expected, anticipated the standard engineering supervisory type operations. Instead the consultant has been faced with providing day-to-day guidance to the contractors in management and construction operations that goes far beyond the norm and requires staff well versed in construction as well as engineering. The consultant has only belatedly restaffed and reorganized to cope with these inexperienced contractors.

The contracting mechanism selected for payment to local contractors, the fixed amount reimbursements (FAR), also contributed to project delays. This method of disbursement is not based on actual cost; instead, the amount of reimbursement is fixed in advance, based upon a reasonable cost estimate. Payment, which must be approved by the mission, is made upon physical completion of a project, subproject or some quantifiable element within the project. One report pointed out that:

It readily follows that absent the attainment of certain predetermined milestone no justification or authorization for payment exists. In many instances problems are beyond the control of contractors or subcontractors, yet under the stated groundrules they are not entitled to recoup their costs. This frequently inflicts severe financial strains on their thinly capitalized companies, and has been known to lead to their failure. Therefore the use of the FAR method, under circumstances containing many uncertainties and uncontrollable variables is a questionable management tool.

Between September 1976 and December 1978, the cost of road construction was about \$7.5 million, but only \$1.2 million of the loan had been disbursed to cover the construction cost -- or only 17 percent. The delay in loan reimbursement was primarily due to failure of the host government to submit requests for reimbursement. As of January 1980, only two submissions had been made since the project inception in May 1975, even though the agreement permitted reimbursement four times a year. That "such

an important aspect of the project was allowed to drift as long as it did" caused a major impediment to construction.

Site management often lacked operating funds to keep equipment running while construction workers were paid late or on a partial basis. These practices, not unexpectedly, caused low morale and indifferent work performance, limiting subsequent payments since they, in turn, were based on work completed.⁴

Lessons Learned

These two projects raise some fundamental questions concerning the selection of contracting mechanisms, the selection and accountability of contractors and the oversight role of the mission.

With few exceptions, projects experiencing implementation delays are also experiencing problems with contract mechanisms and procurement procedures. Implicit in many recommendations is that if the procedures would be changed or modified, the problem would go away. But in searching for reasons why contracts are not signed on a timely basis once projects have been authorized, or why they are so difficult to administer, it becomes apparent that the people responsible for project planning and implementation are unfamiliar with contracting and procurement regulations, make poor choices in the type of mechanisms employed, and are unable to administer contracts once they are signed. That is not to say that both donor agency and host country procedures could not be substantially simplified.

Any time a mission responds to an evaluation report that a contractor has performed poorly and that the project is experiencing serious implementation problems by claiming, in essence, that it is not their responsibility to get involved, some serious misunderstanding, at the very least, concerning the role of the mission staff exists. But not only have mission staff eschewed the responsibility for monitoring and evaluating contractor performance, contractors are not accountable for their performance.⁵

⁴ Materials in this section were taken from reports on the AID project.

⁵ According to several contract officers interviewed, mission project officers don't bother to fill out standard evaluation forms for AID contractors under their management; yet they complain, often bitterly, about contractor performance. The contract office has the mechanisms to terminate contracts for failure to provide services, but they need the documentation to prove allegations of incompetence; this they rarely receive. This process is currently being revised.

Regardless of the remoteness of a project site and other formidable impediments common in most foreign assistance projects, a contractor would not incur cost overruns of the magnitude described above had the contracts been written to ensure timely implementation by the inclusion of penalty clauses and other such devices. Rather, many contracts are written and signed with the implicit understanding that, if project activities and inputs fall behind the admittedly vague schedule, the project deadlines will be extended without penalty and, in many cases, additional funds will be provided to accomplish the goals. It is a vicious cycle creating an "avalanche effect" as one evaluator described it. A second point that stands out from reviewing these projects is that the contracting procedures of the Agency are not understood.

A fundamental principle observed by AID has been that countries receiving assistance should undertake the implementation of their development programs since "the process of implementation is itself an important opportunity for development of technical, institutional and administrative skills." The responsibility of the Agency, therefore, is in planning, financing, and monitoring the programs.⁶ This places AID in the role of overseer in the compliance of U.S. interests and regulations. As this policy has been commonly interpreted, American universities and private firms have received contracts, of various types, to assist the ministries and parastatals of borrower nations to implement projects. The policy has been employed without appropriate planning for implementation, financing or monitoring, as the examples illustrate.

Treatment of project contracting issues is rarely comprehensively and intelligently addressed from the time the project is designed through implementation, although it is clear that projects should be subjected to as rigorous a scrutiny concerning the contracting and procurement mechanisms as they are to the design. In the rare cases where assessments are made of alternative contracting mechanisms, the Agency staff appear to be confused about their choices and the consequences.

An example of current negotiation illustrates this point.⁷ University X was asked to design a project paper in country Y,

⁶ Policy Determination 68, AID, Handbook 1, Supplement A, 1:21, revised 27 August 1979.

⁷ The names of the institution, borrower nation and AID staff have been deleted so as not to jeopardize the negotiations. Cable traffic serves as the source for this section.

under the collaborative contracting arrangement, which was originally designed to provide long-term technical assistance from a U.S. educational institution or international research center to counterparts in developing nations in a "problem-solving type activity to develop new institutional forms and capabilities, to devise operational systems and policies, and to conduct joint research and development including training." It was meant to be a flexible approach to project design, contracting and implementation.⁸ Most commonly, these collaborative arrangements use direct AID contracts, i.e., contracts signed between AID and the educational institution.

In this case, the mission and borrower nation agreed during the PID negotiations to use a host country contract and the educational institution selected to design the project "saw no difficulty with host country contracting." Then AID/Washington stipulated the use of direct contracts after the project paper was prepared.

The university announced that they would prefer a direct contract and "expressed some doubt as to whether or not host country contracting was consistent with the collaborative assistance mandate of Title XII institutions." What they were really concerned about were the following issues:

- Contract allowances -- "that allowances accorded to their technicians conform to standard provisions of university contracts;"
- Funding mechanisms -- "that a standard federal reserve letter of credit or a 90 day reimbursement clause be used;"
- Length of contract -- that the "roll-forward provision for institutional contracts be clarified;" and
- The contract coverage -- that most elements of the project be included in the contract package, especially the local expense budget "to provide certain leverage in influencing change."

Worried that they would not receive the benefits accorded under a direct contract, representatives of the educational institution

⁸ Policy Determination 65, AID, Handbook 1, Supplement A 16, January 1976.

began to lobby influential staff in AID/Washington to require that the contracting mechanism be changed from host country to direct. The mission appeared astonished: A basic agreement, they thought,

. . . had been reached with the team on the host country contracting mode. Apparently, we were mistaken. A different tack was being taken. Unbeknownst to this USAID, a campaign of lobbying began and finally came to our attention. . . . The draft project paper as prepared by the team described a totally changed contracting mode, i.e., to a direct A.I.D. contract.

More disturbing yet were the statements of one consultant being considered as chief-of-party for the project. Whilst this person apparently was satisfied about the matter of personal benefits under the host country contracting mode,

. . . he expressed lingering discomfort with the notion that [the] executing agency would have a say in decisions on the use of AID funds for purchasing of . . . equipment and supplies. Most disturbing to mission officers, however, was this staffer's clear statement that while he would foresee no problem working with USAID personnel, he doubted that he could work closely with senior [borrower] staff. Unfortunately, this negative attitude . . . was also apparent in the draft PP submitted by [X] and, consequently, the mission has had to withhold showing this second draft to the [government] until the tone of the paper can be modified to be less offensive.

In a mode of conciliation, the responsible Washington bureau offered a "tripartite contract" arrangement which would "amend the host country contract" to allow the privileges of the direct contract. They have offered to send university staff to the borrower nation to write an implementation annex to the project paper dictating the terms of the contract. This is where things stand today.

This abysmal saga of self-interest and ignorance was totally unnecessary, had any of the actors been even reasonably well-informed about AID contracting regulations or had bothered to find out about them. Had anyone involved in the negotiations, for example, been aware of the extremely flexible nature of host country contracting arrangements, these protracted and painful confrontations could have been avoided. "Tripartite contracts" are unnecessary; the contractor can write in any benefit package he requires to attract staff, in lieu of not

receiving diplomatic privileges; moreover, this contracting mechanism doesn't restrict the top salary level (based on foreign service stipulations) as do direct AID contracts.

Conclusion

These examples of implementation delays were selected because they illustrate problems that can occur at two different phases in the life of a project: during the project identification and start-up phase, and at the project implementation phase; and because they provide some background for the reforms that are recommended in the following section.

CHAPTER IV

CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations that follow attempt to take into consideration the complex, delicate relationship between a donor agent and the recipient nation, as well as follow the Agency policy that states that project implementation is primarily the responsibility of the borrower, and that the role of AID is to prepare, design and supervise projects and programs. The recommendations attempt to address fundamental, underlying problems in the Agency that hinder timely project implementation and some procedural and technical issues, changes in which would contribute to the quality of the implementation effort.

Root Causes of Implementation Delays

There are no incentives or requirements in the Agency for good project implementation or management: project papers are prepared to pass a review that has little to do with the problems of implementation, and staff are not rewarded for paying attention to project implementation issues.

Various studies have documented the fact that, in most U.S. government bureaucracies, a higher priority is given to programming for the expenditure of new monies than to worrying about how approved programs and projects are implemented. This stems in part from a recognition that a necessary, albeit not sufficient, condition for bureaucratic growth is the complete obligation of appropriated monies,¹ and in part from the absence of effective information systems to monitor and evaluate program and project implementation.

AID fits this pattern, and the problem is extremely serious.² The consequences are unconscionable delays, tremendous frustrations

¹ For general documentation of this point, see Edwin C. Hargrove, The Missing Link: The Study of the Implementation of Social Policy, The Urban Institute, Washington, D.C., 1975; and Jeffrey L. Pressmand and Aaron B. Wildavsky, Implementation, University of California Press, Berkeley, 1973.

² For documentation that is AID-specific, see Donald R. Mickelwait, Charles F. Sweet and Elliott R. Morss, New Directions in Development: A Study of U.S. Aid, Westview Press, Boulder, Colo., 1979; and U.S. House of Representatives, Committee on Appropriations, Subcommittee on Foreign Operations, Report Accompanying H.R. 7854, Foreign Assistance and Related Programs Appropriation, 1981, July 29, 1980

amongst project implementation teams, and suspicions of host country officials that AID is not serious in its intentions.

The following example illustrates the types of problems encountered. A critical amendment to a project paper is needed to ensure that obligated funds are wisely spent. It is discussed with the host country and USAID officials; everyone agrees it is needed. The amendment is sent to the AID/Washington regional bureau and, after some delays, they also agree it should be adopted and send it to the Contracts Office to write up. Nothing happens: The Contracts Office is overburdened with new contracts and, more importantly, nobody in the Agency is authorized or assigned to see that such contracting issues are taken care of. As a consequence, enactment of the amendment is held up for more than a year.

In the absence of incentives that reward concern for and resolution of implementation problems, AID bureaucrats naturally assume the posture that their most important job is to ensure that projects are performed in a manner that fits with a strictly literal interpretation of the regulations. The following quote from Hargrove aptly describes this behavior:

. . . civil servants create an implementation process which is formalistic and deliberately so because it protects them from external threats. The emphasis is upon developing regulations and rules which comply with Congressional intent, meet the demands of affected interest groups and emphasize the process of program administration rather than impact. All of this means that civil servants are far more concerned with legal and administrative processes than with program substance or purpose or with the substantive problems of program implementation.³

A classic manifestation of what Hargrove describes is illustrated in a memo concerning the procedures that should be followed during implementation of an AID-supported project in Africa. After insisting upon extremely restrictive procedures, the memo states:

One can argue that the requirements for obligation of funds set forth under this project exceed those required legislatively, and this is true, but it is clearly

³ Hargrove, op. cit., p. 114.

within the authorising [sic] officers authority (in this case the Administrator) to establish rules beyond those required under law. It is foreseeable that in our desire to obligate funds we may wish to ignore the non-legislative requirements. However, this would violate the authorization which is the document against which our compliance with AID rules will be measured. It is, therefore, our view that all parties concerned with project implementation should be made aware that the Mission intends to deal with these requirements head-on under the work plans. Without adequate planning the inability to satisfy these requirements will lead to considerable anxiety around obligation time, especially in light of the requirement under the authorization that the Mission Director determination be made with engineering and legal consultation.⁴

Of course, the Administrator was not consulted in this matter. Instead the writers decided that the project should be carried out under extremely restrictive procedures. In gratuitous fashion they justified that decision:

This is not to say that innovative ways of satisfying these requirements should be discouraged, but only that we must recognize that these requirements must be addressed in a timely and forthright manner.

There is some comfort in standing back with Hargrove to get a general understanding of what is happening and why. However, if AID programs are going to have a significant impact, it would be much better if the staff saw their roles as ombudsmen for project implementation, and if the officials were willing to exercise a little imagination and responsibility for reasonably liberal interpretations of regulations in order to realize project objectives. Positive and negative incentives should be developed so that AID staff are motivated to care that monies are spent in a timely and effective fashion, and not mismanaged and ineffectively spent as the next example illustrates.

An agreement was reached that AID would provide funds to University Y to assist a graduate school of management at a university in one developing nation train students at the Ph.D. level in the U.S. so they could then return and teach at the graduate school. As the project extension document states:

⁴ Material for this section was taken from an AID mission memorandum.

It was planned that 12-14 U.S. trained faculty members would be trained under the University of [Y] contract to the Ph.D. level, and return to teach at the Graduate School. However, recent faculty departures and recent failures of participants to return [home], as well as a series of late starts in the participant training component of this project clearly make several goals impossible to achieve by the planned phase-out date

Using some troubling logic, the USAID mission staff responsible for the management of this project decided that, although the project was not able to reach its goals and the students found the life of a scholarship student in America too enjoyable to return, it should be extended and the training of additional students in the United States should be financed. There are still unresolved law suits concerning the financial and legal status of several of these students, and the responsible AID staff have been promoted.⁵ A mission director's performance, when this incident occurred, was evaluated on the size of the program and number of staff. These criteria are still employed to some extent, and provide an example of what Kenneth Galbraith refers to as "our system of upward failures," which provides rewards and promotion despite miserable performance.

In the short run, such behavior will change moderately as a result of continuing exhortations from the Administrator that he cares about implementation performance. In the longer term, this concern will not be taken seriously unless a larger share of AID resources is devoted to implementation problems, and AID staff are rewarded for dealing with implementation problems in an imaginative fashion.

RECOMMENDATION 2

The Administrator has set implementation as an Agency priority. To ensure that real attention is given to this priority, incentives must be provided to unit managers and individual staff to turn their attention to implementation issues.

A major problem with implementing this suggestion is the absence of meaningful information against which to measure staff implemen-

⁵ The example was described to the author by a former AID mission director.

tation efforts. Comprehensive monitoring and evaluation data on projects does not exist.

In order to accurately document the effectiveness of evaluative data in identifying the sources of project implementation delays and determining if this information was used to take remedial action, one would need to be familiar with the evolution of a project. This would require a perusal of all project documentation -- design papers, cables and letters and evaluations -- or first-hand experience with project implementation. For this study the former option was employed, since, as the assistant director of the international division of the GAO commented in recent testimony before Congress:

AID has established an Office of Evaluation which, for 2 years, has consistently reported design and implementation problems and has identified lessons AID should have learned in managing particular projects. We believe AID's evaluation office can contribute significantly to assessing the impact that U.S. assistance has on the lives of poor people in developing countries and to improving the Agency's way of delivering assistance.⁶

But the results were discouraging: evaluative documents identified project implementation problems, but in the majority of cases their recommendations were ignored; rarely were actions taken by AID when it was in a position to do so to ameliorate the problems.⁷ The reasons why this is the case were pointed out by an evaluation task force in November 1980. That group stated that the institutional setting at AID did not encourage the use of evaluative information in the process of decisionmaking. Agency procedures for policy formulation, program development, project identification, design, redesign, and approval do not require the use of evaluative information in the documents prepared for decision makers or the resolution of issues.

⁶ Bowlin Testimony, op. cit., p. 9.

⁷ An African National Range and Ranch Development project is a good example of this. In a 1974 Project Appraisal Review (PAR), evaluators commented that there were no host country personnel available to be trained to work in hydrologic components of the project. This concern was reiterated in a PAR done in April 1977. It appears that three years passed, during which an important component of the project was in trouble and no actions were taken. Unfortunately, similar concerns are expressed in most of the evaluative literature reviewed for this study. The example in this footnote was taken from AID documents on the project.

Furthermore, the evaluation process is considered "a staff support function and few of the results of this process are integrated back into line decisionmaking -- either about programs or about promotions."⁸ Consequently, there are few incentives for Agency staff to participate in evaluations or use evaluative findings in their work.

RECOMMENDATION 3

The decisionmaking process in AID should be restructured to ensure that the Agency complies with its stated objectives of incorporating program- and project-level evaluation findings in the decisionmaking process, particularly with respect to initial project approval and subsequent funding of projects. Specifically, the Office of Evaluation should have the responsibility for formally reviewing and synthesizing the findings and recommendations of all evaluations and audits and making them widely available. Agency and contract staff responsible for programs and projects evaluated should be required to report to their mission director after a specified amount of time has elapsed what actions they have taken in response to the recommendations and why. The Office of Evaluation should periodically examine whether such action reviews are occurring.

The Agency does not manage its human resources effectively. The consequences were well stated by a member of a recently organized Agency task force on personnel.

Key to any organizations personnel planning is a clear definition of program objectives and the development of a system of priorities to use in allocating personnel resources.

Agency policy objectives have expanded with each succeeding amendment to the Foreign Assistance Act of 1961, so that currently there are over 50 topics identified in the Development Assistance portion of the Act. At present the Agency is emphasizing projects

⁸ Congressional Research Service, Foreign Affairs and National Defense Division, The New Directions Mandate and the Agency for International Development, draft, 13 July 1981, Chapter III, Sections B and C.

in many sectors -- population, agriculture, health, education, transportation, communication, rural and urban development -- that reflect the New Directions legislation of 1973, yet few if any of the offices established to support earlier development thrusts have been phased out as the Agency interest in the topic diminishes. The new development thrust requires technical specialists and generalists with skills in areas where AID had not done much hiring prior to 1973. At the same time the Agency's development strategies shifted, there was Congressional pressure to reduce the number of employees and the role of AID employees changed from one of direct project responsibility to managers of projects through project intermediaries. Because insufficient manpower planning has occurred, these changes have resulted in: 1) a mismatch between the skills available and the types of programs and projects to be analyzed and implemented; 2) a smaller workforce that is "top heavy with personnel better suited to carry out AID's earlier mandates"; and a lack of managers to oversee contract work.⁹ The Agency has tried to reorient the work force by offering training courses and providing handbooks on the new thrusts, but they have not been successful. Training programs are not always keyed to AID requirements, they are not mandatory, and there are no incentives to participate in them or disincentives for avoiding them.

Although perhaps nothing can be done to eliminate the myriad development objectives identified in the legislation, something can be done to determine areas of priority and the best organizational configuration to eliminate duplication of function. At a minimum, missions could further refine the priorities of their program and concentrate their efforts on a few key issues, eliminating development thrusts that appear to have less payoff.

RECOMMENDATION 4

Based on Agency decisions pursuant to the Task Force on Personnel Ceilings, AID should review its expectations concerning staff size, skills and experience in conjunction with data on the distribution of project management responsibility (e.g., by mission, project size and complexity, and sector) to develop an organizational structure that responds to the Agency's primary responsibilities. As part of that effort, options should be explored, including:

⁹ Information for this section was acquired from interviews with Agency staff and Congressional Research Service Study, op. cit.

- Train existing personnel to do the work of the Agency as it is presently conceived. This training should be mandatory and perhaps "graded"; performance should be recorded in Agency personnel files.
- Reassign existing personnel to jobs that they are best trained to perform, even when such assignments require a reassessment of the grade and job description associated with the job.
- As new staff are hired, ensure that they have the appropriate technical and management skills to implement and oversee the Agency's mandates and policies. Assess their performance at the end of their probationary period before they are given career appointments; as necessary extend the probationary period for jobs where a longer period of observation seems appropriate.
- Develop new career incentives that reward high performance for key technical areas such as contracting, financial management, as well as for implementation, management and reverse the trend to reward staff primarily for performance in project design.

Technical and Procedural Recommendations

Unless the "root" causes identified above that contribute to poor implementation are redressed, the technical and procedural suggestions that follow will have little effect in improving the implementation delays of AID-funded projects. These suggestions are based on the Agency policy of decentralizing and providing more authority for project implementation to USAID missions.¹⁰

1. Project Design

Project design has become extremely complex and has become the most desirable and esteemed work in the Agency, attracting the most qualified staff, providing the best career opportunities and consuming a disproportionate amount of time. In contrast, project implementation is not considered intellectually challenging. Less time and thought are given to implementation issues and this is reflected in the project design documents. More importantly, the

¹⁰ The writer is grateful to Frank Kenefick for his suggestions and criticisms of this section.

persons who design projects are rarely around or responsible for their implementation. Typically a design team consists of some mission staff, some AID/Washington staff and some contract personnel. Implementation is then undertaken by another contractor and supervised by different mission staff, the original staff having been rotated to new posts. There is no continuity of responsibility between the two efforts and consequently there is insufficient emphasis placed on how to accomplish activities identified in the design documents. The Agency requires that detailed management plans including implementation schedules, financial, institutional and social analyses and procurement and contract requirements be developed and included in all project papers. They are included, but often as perfunctory documents inserted to comply with legislative and legal requirements.

Although it is recognized that overly rigorous planning could force inflexible structures on projects and contradict the evolutionary design objectives that project beneficiaries participate in determining the nature of the project, that is not the intention of the following recommendation. Project design documents err in the opposite direction; project designers do not sufficiently recognize that their ideas have to be administered. The purpose of this recommendation is to force this recognition by figuring out ways to manage projects or decide they can't easily be done before enormous resources are wasted.

RECOMMENDATION 5

Project papers should include sound, not perfunctory, management and implementation plans based on the following:

- An administrative/institutional analysis of the implementing agencies (i.e., their decision making authority, legal status, staff): How is the project going to be administered by the borrower and contractors?
- An analysis of the financial capabilities and financing capacity of project participants (i.e., projected sources and uses, procedures and instruments for moving monies, roles of host country banking systems);

- A contract and procurement analysis (what type of contract will be used; what funding mechanism; how will goods be purchased -- through procurement houses, the contractor, etc. -- logistic arrangements for the delivery of goods to the project site, e.g., through service agents);
- A realistic schedule for accomplishing the project activities.

In order for this to occur, several steps must be taken:

- Agency staff responsible for project development and for the review and approval of project designs must be made aware of the design requirements stipulated in the handbooks and use them.
- Scope(s) of Work for project design teams should, where applicable, precisely define the elements of management/implementation plans required in project papers.
- Criteria for reviewing the soundness of project implementation plans should be established and no project paper should be approved until the implementation plans are acceptable.

2. Accountability

Contractor

With diminishing resources available to the Agency, it becomes increasingly important that monies are wisely spent and managed in order to get the maximum impact possible. Massive project cost overruns should not be tolerated, nor should frequent complaints in the evaluations that contractors do not provide staff with appropriate skills on a timely basis. To avoid them, contracts must be more thoughtfully written to reflect the objectives of the project (Scopes of Work for AID contracts often do not reflect the intentions of the project), and to include incentives for the contractor to provide services as agreed upon.

RECOMMENDATION 6

Performance incentives and other techniques for strengthening contract administration should be included in all AID contracts. Mechanisms to encourage appropriate and timely contractor performance should be required, i.e., where appropriate, movement away from "time and rate" and "time and materials" contracts and toward fixed fee/fixed performance contracts with penalty features for inadequate contractor performance. Agency staff need to expand their contract administration/support skills to make good use of such mechanisms. Appropriate units within the Agency should be charged with the responsibility for monitoring the use and effectiveness of such contracting mechanisms and advising the Agency concerning their findings about the types of contracting procedures that are proving to be most effective in improving project preparation and implementation.

Agency Staff

A number of steps have been and are being considered to increase the control of the USAID missions over their project portfolio. Mission staff can be given total authority over the portfolio and implementation delays will continue until project design teams and project managers are made accountable for their actions.

RECOMMENDATION 7

Agency staff should be made accountable for implementation performance. In order to institutionalize accountability for project implementation the following actions should be considered:

- Establishment of performance contracts for all Agency staff, concentrating first on Bureau AAs, mission directors and other mission and AID/W units and personnel that have implementation and/or implementation support responsibilities. Such contracts should be required irrespective of the type of appointment an employee holds. They can be modeled on AID's current merit pay performance plans for GS employees. These contracts should be negotiated and should include positive incentives for devoting time and thought to project implementation, e.g., merit pay, "desirable" postings, promotions, educational opportunities and additional vacation time. Such contracts should also include commensurate disincentives for failure to pursue and support project implementation, e.g., reduced responsibility, performance memoranda to personnel files and, ultimately, termination with cause.
- Periodic mission-level implementation reviews to identify those projects and programs with implementation problems, ways to deal with the problems and the assignment of individuals to take responsibility for specific actions. Quarterly or semi-annual implementation reports from missions to the regional bureaus.
- Revision of the Agency personnel assignment policies to permit and encourage more staff continuity from the design to the implementation of projects.

3. Portfolio Supervision

In order to make reasonable decisions about policy and goals, the Agency should require a regular review of its entire portfolio. This has not happened in the past and, in order for it to be effective in the future, decisions need to be made about the information required (See Recommendation 1) and the participants who should be

involved. Indicators of project delays and implementation performance norms should be developed in order to monitor ongoing projects and to detect significant deviations from these norms. This information must be made available in a usable form before the Agency is in a position to argue convincingly about the allocation of resources and staff, the number and types of programs and projects that ought to be supported and the criteria for selecting their choices. Below the policy level, each bureau should be required to track project implementation using uniform criteria for selecting and evaluating performance.

RECOMMENDATION 8

A regular review of the entire portfolio should be carried out. It is recommended that this be done at least annually and coordinated by PPC. All projects and management units whose performance suggests serious implementation problems should then be reviewed by management. The findings and recommendations of these reviews and evaluations should be closely monitored. If such investigations and follow-up monitoring actions reveal intractable problems or that the borrowers are unable or uninterested in meeting implementation requirements, the project should be terminated and the funds deobligated. Where such investigations reveal consistent difficulties in particular missions or sectors, Agency review procedures should be immediately tightened up with respect to the review and approval of new plans and budget requests, e.g., Assistant Administrators should personally chair PID reviews and ABS meetings on new projects and programs in problem missions and sectors. Lessons learned from these reviews should be included in a file of critical problems to be avoided in planning and management of new country strategies, programs and projects. The file of critical problems should be submitted to the Administrator periodically for review, and a synopsis of the problems, together with up-to-date comments and guidance, should be distributed widely among Agency managers.

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APPENDIX A
METHODOLOGICAL CONSIDERATIONS

APPENDIX A METHODOLOGICAL CONSIDERATIONS

AID does not have appropriate management information to track the pipeline problem, but some interesting measurement possibilities do exist. Because data collection and analysis are so expensive, before data are collected on this subject, just what information is needed should be thoroughly discussed. What would be ideal indicators of project delays? To begin with, one might look at the simple difference between planned and actual expenditures on a project-by-project basis. There are two basic problems with this measure:

- It does not allow for the fact that long-standing expenditure delays should be viewed more seriously than ones of shorter duration; and
- It does not provide project aggregations that permit inter-project and/or inter-country program comparisons.

A first attempt to be concrete about what data should be collected was recently suggested by Development Alternatives, Inc., as follows:

Let D = delay and disbursement rate, let P = planned expenditure, let E = actual expenditure, and let A = measure of problem seriousness, with subscripts designating years. A comparative statistic¹ might then be:

$$D = \frac{[A_{75} (P_{75} - E_{75}) + A_{76} (P_{76} - E_{76}) + A_{77} (P_{77} - E_{77}) + A_{78} (P_{78} - E_{78}) + A_{79} (P_{79} - E_{79}) + A_{80} (P_{80} - E_{80})]}{(E_{75} + E_{76} + E_{77} + E_{78} + E_{79})}$$

¹ The equation is not presented in more generalized notation, because the purpose here is not to prepare a mathematical model, but merely to be more concrete about what data should be collected. Moreover, many readers are unfamiliar with generalized notation.

A might be arbitrarily assigned weights as follows:²

$$\begin{array}{ll} A_{80} = 0 & A_{77} = .6 \\ A_{79} = .2 & A_{76} = .8 \\ A_{78} = .4 & A_{75} = 1.0 \end{array}$$

Alternatively, weights might be derived from past disbursement performance. If planned expenditure data are not available or trustworthy because they have been designed to meet political and budgetary needs, an expenditure norm against which to compare current performance could be developed. For example, data could be developed on the percentages of project or program commitments disbursed after one, two, three, etc., years. If P_T = total project commitment, and % the empirically derived percentage disbursement by year (as indicated by subscripts), then a statistic for the seriousness of a pipeline problem might be represented as follows for a project for which funds were committed in 1975:³

$$D = [A_{75} (\%_1 P_T - E_{75}) + A_{76} (\%_2 P_T - E_{76}) + A_{77} (\%_3 P_T - E_{77}) + A_{78} (\%_4 P_T - E_{78}) + A_{79} (\%_5 P_T - E_{79}) + A_{80} (\%_6 P_T - E_{80})] \div P_T$$

Using such a measure, one could test various hypotheses regarding the reasons for project delay. It can be hypothesized that disbursement rates depend on AID country personnel levels, project type, and country program type. One might test these hypotheses by regressing the pipeline statistics on these variables. The resulting equation estimates could be used as norms against which to judge individual country performance by comparing actual performance to estimated performance.⁴

² A is intended to reflect the fact that undisbursed commitments that are five years old are more serious than those that are one year old. Just what values should be used are necessarily arbitrary, but should increase with the age of the project.

³ In essence, the difference between the first and second equations is that the latter uses empirically derived values of the E/P ratios from Agency experience. In this sense, it is a bit more refined than the first equation.

⁴ Memorandum, Elliott Morss and Chris Nordlinger to Bob Berg, 18 June 1981.

APPENDIX B
PROJECTS REVIEWED AND
IMPLEMENTATION DELAYS IDENTIFIED
(BY BUREAU)

APPENDIX B
TABLE 1
LIST OF PROJECTS REVIEWED

Country	Location and Name	Criteria for Identifying Project				
		Bureau List	Slow Disbursing 1960-1975	FM Portfolio Review	Old Grants	Old Loans
AFRICA BUREAU						
Africa	African Women in Development	X				
Regional	African Development Bank	X				
	Labor Development	X	X		X	
Benin	Cotonou Bridge & Dam		X			X
Botswana	Crop Production/Marketing	X				
	S. Africa Development of Personnel & Training	X				
	Range Management & Livestock Development	X				
Cameroon	N. Cameroon Rural Health Service MEDCAM I	X				
		-	-	-	-	-
CAR	Seed Production Center	X		X		
Central & West Africa Regional	Sahel Livestock & Meat Marketing	X	X	X		
	Sahel Supplemental International Organizations	X	X			
	Sahel Water Data Network and Management	X				
	Sahel Food Crop Production	X				
Kenya	National Range and Ranch Development	X	X		X	
Liberia	Agricultural Program Development		X	X	X	
	Lofa County Rural Health	X		X		
Niger	Cereals Production I	X	X			
Rwanda	Food Storage & Marketing	X		X		
Senegal	Range & Livestock Development	X				

APPENDIX B
TABLE 1 (continued)

Country	Location and Name	Criteria for Identifying Project				
		Bureau List	Slow Disbursing 1960-1975	FM Portfolio Review	Old Grants	Old Loans
AFRICA BUREAU (continued)						
Swaziland	Cooperative and Marketing Curriculum Development	X				
		X				
Tanzania	Agricultural Research Program	X	X	X	X	
	Agricultural Marketing Development	X	X	X	X	
	Agricultural Manpower Development		X	X	X	
	Seed Multiplication	X	X	X	X	
	Manpower Training for MCH Aides	X	X	X	X	
Upper Volta	Integrated Rural Development, Eastern Ord	X	X		X	
Zaire	North Shaba Rural Development	X				
	Endemic and Communicative Disease Control	X				
	Sub-Total -- 30 Projects					
ASIA BUREAU						
Bangladesh	Ashugani Fertilizer Plant					X
Indonesia	Aceh Road Betterment	X	X	X		X
	Sederhana Irrigation	X	X	X		X
	Malaria Control		X	X		X
	W. Java Transmigration and Development		X	X		X
	Jagorawi Highway Construction		X			X
	Luwu Area Transmigration and Development	X	X	X		
	Sumatra Agricultural Research		X			
	Health Training/Research and Development		X		X	

APPENDIX B
TABLE 1 (continued)

Country	Location and Name	Criteria for Identifying Project				
		Bureau List	Slow Disbursing 1960-1975	FM Portfolio Review	Old Grants	Old Loans
ASIA BUREAU (continued)						
Nepal	Manpower Development Training	X				
	Institute of Agriculture and Animal Sciences	X	X	X		
	Population and Family Planning		X		X	
Pakistan	Agricultural Research	X	X	X		X
Philippines	Libmanan/Cabusao Integrated Area Development					X
	Food and Nutrition	X	X			
Thailand	Transfer of Technology and Management Skills	X				
Sub-Total -- 16 Projects						
LATIN AMERICA/CARIBBEAN BUREAU						
Bolivia	Small Farmer Organizations I		X	X		
	Educational Management and Instructional Development		X	X		X
	Rural Education II		X	X		
	Village Development	X		X		
	Rural Access Roads I and II	X				
	Rural Electrification I and II	X	X			X
Colombia	Nutrition Loan	X				
Costa Rica	Commodity Systems	-	-	-	-	
	National Development Information Systems	-	-	-	-	
	Nutrition Program	X		X		

APPENDIX B
TABLE 1 (continued)

Country	Location and Name	Criteria for Identifying Project				
		Bureau List	Slow Disbursing 1960-1975	FM Portfolio Review	Old Grants	Old Loans
LATIN AMERICA/CARIBBEAN BUREAU (continued)						
El Salvador	Family Planning and Population		X		X	
Guyana	Rice Modernization I and II	X	X			X
	Public Sector Manpower Training	X				
Haiti	Small Farmer Development	X	X	X		X
	Integrated Agricultural Development		X			
Nicaragua	Rural Development Sector I	X	X	X		
Panama	Grains/Perishables Marketing System	X	X	X		
	Education Sector Loan II	X	X	X		
Peru	Agricultural Cooperative Federations	X				
ROCAP	The Partners of the Americas		X		X	
	Sieca Institutional Assistance		X		X	
	Sub-Total -- 21 Projects					
NEAR EAST BUREAU						
Egypt	Grain Storage Facilities	X		X		X
Morocco	Population and Family Planning Phase II	X				
Syria	Damascus Water Supply I	X		X		
	Technical Health Institute	X				
Tunisia	Management Education		X	X	X	
	Agricultural Economics Research and Planning		X		X	
	Rural Community Health	X		X		

APPENDIX B
TABLE 1 (continued)

Summary Tabulation

- 0 Projects identified by all five lists.
- 8 Projects identified by four lists, or 11 percent of total number of projects examined.
- 18 Projects identified by three lists, or 24 percent of total number of projects examined.
- 20 Projects identified on two lists, or 27 percent of total number of projects examined.
- 25 Projects identified on one list, or 34 percent of total number of projects examined.
- 3 Projects not identified by any group, or 4 percent of total number of projects examined.

APPENDIX B
TABLE 2
AFRICA BUREAU PROJECT PROFILES

Country	Project Name	Approval Date	Completion Date (Est.)	Loan/ Grant	Pipeline 6/81 \$ (000)
Africa Regional	African Women In Development	6/76	9/86	G	1,045
	African Development Bank	6/68	6/83	G	3,458
	Labor Development	2/71	12/84	G	3,145
Benin	Cotonou Bridge & Dam	1974	1980		
Botswana	Crop Production/Marketing	8/76	8/82	G	522
	S. Africa Development of Personnel & Training	11/72	12/80	G	207
	Range Management & Live- stock Development	6/73/	9/81	G	1,009
Cameroon	N. Cameroon Rural Health Service	6/75	12/82	G	192
	MEDCAM I				
CAR	Seed Production Center	3/76	9/80	G	194
Central & West Africa Regional	Sahel Livestock & Meat Marketing	6/71	6/80	G	67
	Sahel Supplemental Inter- national Organizations	9/73	12/81	G	967
	Sahel Water Data Network and Management	5/76	6/82	G	1,945
	Sahel Food Crop Production	6/75	6/82	G	173
Kenya	National Range and Ranch Development	8/72	9/82	G	1,550

APPENDIX B
TABLE 2 (continued)

Country	Project Name	Approval Date	Completion Date (Est.)	Loan/Grant	Pipeline 6/81 \$ (000)
Liberia	Agricultural Program Development	7/72	12/79	G	0
	Lofa County Rural Health	1/75	21/79	G	257
Niger	Cereals Production I	9/74	12/81	G	2,605
Rwanda	Food Storage & Marketing	1/75	12/81	G	490
Senegal	Range & Livestock Development	2/75	6/82	G	232
Swaziland	Cooperative and Marketing Curriculum Development	6/76	6/81	G	1,050
		1/75	6/83	G	1,550
Tanzania	Agricultural Research Program	8/70	9/82	G	3,613
	Agricultural Marketing Development	5/71	6/80	G	50
	Agricultural Manpower Development	6/73	12/82	G	2,150
	Seed Multiplication	5/70	6/82	G	1,646
	Manpower Training for MCH Aides	6/73	9/82	G	1,835
Upper Volta	Integrated Rural Development, Eastern Ord	12/74	6/81	G	283
Zaire	North Shaba Rural Development	9/76	9/83	L	5,634
	Endemic and Communicative Disease Control	6/76	12/82	G	648

APPENDIX B
TABLE 3
ASIA BUREAU PROJECT PROFILES

Country	Project Name	Approval Date	Completion Date (Est.)	Loan/Grant	Pipeline 6/81 \$ (000)
Bangladesh	Ashugani Fertilizer Plant	2/75	12/81	L	6,308
Indonesia	Aceh Road Betterment	5/75	12/81	L	3,967
	Sederhana Irrigation	6/75	1/82	L	7,433
	Malaria Control	2/75	2/82	L	1,190
	W. Java Transmigration and Development	4/73	3/82	L	3
	Jagorawi Highway Construction	1/74	4/81	L	528
	Luwu Area Transmigration and Development	10/75	12/83	L	10,313
	Sumatra Agricultural Research	9/77	4/84	L/G	7,950
	Health Training/Research and Development	9/78	9/83	G	3,956
Nepal	Manpower Development Training	10/73	9/80	G	1
	Institute of Agriculture and Animal Sciences	6/74	9/84	G	1,932
	Population and Family Planning	6/67	9/81	G	1,433
Pakistan	Agricultural Research	6/69	9/82	L/G	3,967
Philippines	Libmanan/Cabusao Integrated Area Development	7/75	1/82	L	156
	Food and Nutrition	6/74	9/81	G	240
Thailand	Transfer of Technology and Management Skills	11/75	8/81	G	805

APPENDIX B
TABLE 4
LATIN AMERICA/CARIBBEAN BUREAU PROJECT PROFILES

Country	Project Name	Approval Date	Completion Date (Est.)	Loan/Grant	Pipeline 6/81 \$ (000)
Bolivia	Small Farmer Organizations I	3/76	9/81	L	3,134
	Educational Management and Instructional Development	11/74	12/81	L/G	3,518
	Rural Education II	8/77	8/82	L/G	9,146
	Village Development	8/78	8/83	L/G	8,917
	Rural Access Roads I	9/76	4/81	L/G	72
	Rural Access Roads II	8/78	8/83	L/G	13,242
	Rural Electrification I	10/73	11/79	L	--
	Rural Electrification II	9/74	12/80	L	102
Colombia	Nutrition Loan	9/76	5/81	L	49
Costa Rica	Commodity Systems	9/77	9/82	L	5,018
	National Development Information Systems	5/79	9/84	L/G	Deobligated
	Nutrition Program	6/76	3/82	L	1,466
El Salvador	Family Planning and Population	6/66	6/82	G	782
Guyana	Rice Modernization I	3/69	10/77	L	421
	Rice Modernization II	9/78	12/83	L/G	14,818
	Public Sector Manpower Training	7/77	7/82	L	428

APPENDIX B
TABLE 4 (continued)

Country	Project Name	Approval Date	Completion Date (Est.)	Loan/Grant	Pipeline 6/81 \$ (000)
Haiti	Small Farmer Development	7/74	6/81	L/G	487
	Integrated Agricultural Development	9/76	1/84	L/G	5,005
Nicaragua	Rural Development Sector I	9/75	12/80	L	2,643
Panama	Grains/Perishables Marketing System	9/75	12/82	L	4,947
	Education Sector Loan II	11/75	3/82	L	2,511
Peru	Agricultural Cooperative Federations	9/76	1/83	L	6,072
ROCAP	The Partners of the Americas	12/64	9/80	G	604
	Sieca Institutional Assistance	5/72	9/82		65

APPENDIX B
TABLE 5
NEAR EAST BUREAU PROJECT PROFILES

<u>Country</u>	<u>Project Name</u>	<u>Approval Date</u>	<u>Completion Date (Est.)</u>	<u>Loan/ Grant</u>	<u>Pipeline 6/81 \$ (000)</u>
Egypt	Grain Storage Facilities	6/75	6/82	L	15,145
Morocco	Population and Family Planning Phase II	9/78	9/82	G	3,143
Syria	Damascus Water Supply I	6/75	6/84	L	47,780
	Technical Health Institute	7/78	12/82	G	3,914
Tunisia	Management Education	6/66	12/80	G	1
	Agricultural Economics Research and Planning	6/67	3/81	G	48
	Rural Community Health	12/77	6/81	L/G	7,041

APPENDIX B

TABLE 6¹

IMPLEMENTATION DELAYS IDENTIFIED IN EVALUATION AND AUDIT ABSTRACTS:
AFRICA BUREAU LIST OF PROBLEM PROJECTS

PROJECT FACTORS	EVALUATIONS					AUDITS				
	RESPONSIBLE AGENT					RESPONSIBLE AGENT				
	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL
Planning	20	4	1	13	38	3	1	1		5
Staff/Experience	3	7	1	26	37		3	2		5
Funding/Finance	2	4		9	15	1	2			3
Coordination/ Communication	1	5		15	21	1	1	1		3
Performance/ Management	3	10		11	24	2	2	2		6
Equipment/ Transportation	6	2		4	12		1	2		3
Policy	3	5		6	14	2	1			3
Contract						1	1			2
<u>EXTERNAL FACTORS</u>										
Natural Disasters				6	6					
Shipping Damage		1		2	3					
Inflation		1		2	3					
Political Situation		2		3	5					
TOTAL	38	41	2	97	178	10	12	8		30

¹ The implementation delays presented in Tables 6 through 11 reflect the writer's interpretation of evaluation and audit abstracts. By the very nature of the abstracts and the method of review, they are subjective interpretations.

APPENDIX B
TABLE 7
IMPLEMENTATION DELAYS IDENTIFIED IN EVALUATION AND AUDIT ABSTRACTS:
ASIA BUREAU LIST OF PROBLEM PROJECTS

PROJECT FACTORS	EVALUATIONS					AUDITS				
	RESPONSIBLE AGENT					RESPONSIBLE AGENT				
	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL
Planning	4	1		2	7	1	1			2
Staff/Experience		6	6	1	13		1	1	1	3
Funding/Finance	1	3	3	4	11		3	1		4
Coordination/ Communication	1	4	4	1	10					
Performance/ Management		3	5	8	16	2		2	2	6
Equipment/ Transportation		2	1	6	9		1		1	2
Policy		8	1		9		1	1		2
Contract			4	1	5					
<u>EXTERNAL FACTORS</u>										
Inflation			1		1					
Change in Strategy		1		2	3					
Market Price Fluctuations		1			1					
TOTAL	6	29	25	25	85	3	7	5	4	19

APPENDIX B
TABLE 8
IMPLEMENTATION DELAYS IDENTIFIED IN EVALUATION AND AUDIT ABSTRACTS:
LATIN AMERICA BUREAU LIST OF PROBLEM PROJECTS

PROJECT FACTORS	EVALUATIONS					AUDITS				
	RESPONSIBLE AGENT					RESPONSIBLE AGENT				
	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL
Planning	2			5	7	1			1	2
Staff/Experience		5	2	4	11		3	1		4
Funding/Finance		3	1	5	9		1			1
Coordination/ Communication		2	1	1	4					0
Performance/ Management	3	3	5	4	15	3	3	1		7
Equipment/ Transportation	1		3	4	8		1		1	2
Policy		4	1		5		1			1
Contract	3	2	1	1	7		1		2	3
<u>EXTERNAL FACTORS</u>										
Inflation		1		1	2					0
Political Situation					0		1			1
Change in Strategy		1		1	2					0
Market Price Fluctuation				1	1					0
TOTAL	9	21	14	27	71	4	11	2	4	21

APPENDIX B
TABLE 9
IMPLEMENTATION DELAYS IDENTIFIED IN EVALUATION AND AUDIT ABSTRACTS:
NEAR EAST BUREAU LIST OF PROBLEM PROJECTS

PROJECT FACTORS	EVALUATIONS					AUDITS				
	RESPONSIBLE AGENT					RESPONSIBLE AGENT				
	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL
Planning	4		1		5					
Staff/Experience		1	1	1	3					
Funding/Finance								1		1
Coordination/ Communication							2			2
Performance/ Management		2	1	1	5	1		2		3
Equipment/ Transportation				1	1					
Policy		2			2	1	1			2
Contract	1	1	1	1	4	1	2			3
<u>EXTERNAL FACTORS</u>										
Political Situation	1	1			2		1			1
TOTAL	6	7	4	4	21	3	6	3		12

APPENDIX B
TABLE 10
IMPLEMENTATION DELAYS IDENTIFIED IN EVALUATION AND AUDIT ABSTRACTS:
25 OLDEST GRANTS

PROJECT FACTORS	EVALUATIONS					AUDITS				
	RESPONSIBLE AGENT					RESPONSIBLE AGENT				
	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL
Planning	4	5		3	17			1		1
Staff/Experience		15	1	3	19			1		1
Funding/Finance		5			5					0
Coordination/ Communication		5	1	1	7					0
Performance/ Management	2	30	3	3	38					0
Equipment/ Transportation		4		1	5					0
Policy	1	2			3					0
Contract					0					0
<u>EXTERNAL FACTORS</u>										
Lower Donor Agency Funds				2	2					0
Papal Encyclical				1	1					0
Salvadoran/Hon- duran Conflict				1	1					0
TOTAL	7	66	5	20	98			2		2

APPENDIX B
TABLE 11
IMPLEMENTATION DELAYS IDENTIFIED IN EVALUATION AND AUDIT ABSTRACTS
25 OLDEST LOANS

PROJECT FACTORS	EVALUATIONS					AUDITS				
	RESPONSIBLE AGENT					RESPONSIBLE AGENT				
	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL	AID	HOST COUNTRY	CONTRACTOR	OTHER	TOTAL
Planning	4	22	1	3	30	2	4		1	7
Staff/Experience		16	2	1	19	1	2	2		5
Funding/Finance	1	15	2	3	21	2	2	6		10
Coordination/ Communication		7	1	1	9					0
Performance/ Management	1	23	12	1	37	7	10	2		19
Equipment/ Transportation		5	3	3	11		1	2		3
Policy		3			3	2	1			3
Contract					0					0
<u>EXTERNAL FACTORS</u>										
Labor Strike		2			2					0
Fire		1			1					0
Inflation		2		2	4		1			1
Political Situation		1			1					0
Change in Strategy		1			1					0
Shipping Damage				1	1					0
Natural Disasters				3	3					0
Market Price Fluctuations		1			1					0
Customs Problems		2			2					0
TOTAL	6	101	21	21	146	14	21	12	1	45

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APPENDIX C
IMPLEMENTATION DELAYS:
CAUSES AND RECOMMENDATIONS

APPENDIX C
TABLE 1
CAUSES OF PROJECT IMPLEMENTATION DELAYS IDENTIFIED BY RECENT INVESTIGATIONS

Study	Reasons for Implementation Delays						
	Political Environment	Exogenous Factors	Poor Project Preparation	Host Country Factors	Contracts and Procurement	Personnel	Poor Project Management
IBRD, Operational Policy Review		X	X	X	X	X	X
IBRD, Sixth Annual Review			X	X	X		X
AID, Portfolio Supervision Report	X					X	X
AID, 1978 Wing Investigation	X			X	X	X	X
AID, 1981 Recommendations to Administrator on Implementation	X		X		X	X	X
AID, Management Strategy Paper				X			X
AID, Kivimae Task Force			X		X	X	X
AID, Lessons from Impact Evaluation			X	X		X	
AID, Matthews Sahel Pipeline Review	X				X	X	X
GAO, Sahel Audit				X		X	
GAO, Audit USAIDs Indonesia, Thailand, Philippines	X		X	X			
GAO, Study AID Implementation					X		
GAO, October 1981 Testimony, House of Representatives	X			X	X		X
Morss et al., Timing	X		X	X	X	X	
Morss et al., 9 Implementation Problems	X	X	X	X	X		X
Crawford, Implementation Issues	X		X	X			X
Booz Allen, July 1981 Report	X				X		
TOTAL -- 17 Projects	10	2	9	11	11	9	11

APPENDIX C
TABLE 2

RECOMMENDATIONS MADE BY RECENT INVESTIGATIONS TO ELIMINATE IMPLEMENTATION DELAYS

Study	REVISE AND/OR IMPROVE						
	Donor Contract/Procurement Procedures	Borrower Contract/Procurement Procedures	Project Management	Project Design/Implementation Schedule	Borrower Participation	Donor/Borrower Objectives	Personnel Procedures/Incentives
IBRD, Operational Policy Review		X	X	X	X		
IBRD, Sixth Annual Review	X	X	X		X		X
AID, Portfolio Supervision Report	X		X	X			X
AID, 1978 Wing Investigation	X		X				
AID, 1981 Recommendations to Administrator on Implementation	X			X		X	X
AID, Management Strategy Paper			X				
AID, Kivimae Task Force	X	X	X	X			
AID, Lessons from Impact Evaluation				X	X	X	
AID, Matthews Implementation Review	X			X		X	X
GAO, Sahel Audit					X		
GAO, Audit USAIDs Indonesia, Thailand, Philippines	X				X		

APPENDIX C
TABLE 2 (continued)

Study	REVISE AND/OR IMPROVE						
	Donor Contract/ Procurement Procedures	Borrower Contract/ Procurement Procedures	Project Management	Project Design/ Implementation Schedule	Borrower Participation	Donor/ Borrower Objectives	Personnel Procedures/ Incentives
GAO, Study AID Implementation	X	X		X			
GAO, October 1981 Testimony, House of Representatives	X		X	X	X		
Morss et al., Timing				X		X	
Morss et al., 9 Implementation issues			X	X	X	X	X
Crawford, Implementation Issues			X	X	X	X	
Booz Allen, July 1981 Report	X			X			
TOTAL	11	5	9	13	8	6	5

APPENDIX D
BIBLIOGRAPHY

APPENDIX D
BIBLIOGRAPHY¹

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APPENDIX E
TEN LARGEST MISSION PIPELINES

APPENDIX E
TEN LARGEST MISSION PIPELINES
PROJECT OBLIGATIONS, DISBURSEMENTS, PIPELINE BY FISCAL YEAR¹
(\$ 000,000)

FY		Egypt	Indonesia	Syria	India	Bangladesh	Jordan
1975	Pipeline	85	177	53	1	43	35
	Obligations	478	41	80	0	54	30
1976	Disbursements	22	69	1	1	48	8
	Pipeline	542	150	132	0	49	57
	Obligations	259	54	5	.1	49	21
1977	Disbursements	23	26	1	.1	7	20
	Pipeline	778	177	136	0	91	59
	Obligations	451	102	105	60	110	53
1978	Disbursements	76	40	4	0	52	30
	Pipeline	1152	239	237	60	149	82
	Obligations	500	93	70	90	87	63
1979	Disbursements	154	59	5	2	78	25
	Pipeline	1499	273	302	148	157	120
	Obligations	530	83	-	103	79	49
1980	Disbursements	201	55	8	30	78	22
	Pipeline	1828	300	294	221	158	147

¹ It should be pointed out that the pipeline, or difference between obligated and disbursed funds, is the only indicator now in use for measuring a mission's implementation performance. As was discovered by this investigation, it is not easy to locate some of the projects experiencing severe implementation delays, and other indicators had to be devised to find them.