

File
992-0304
4/18/83

ASSESSMENT

OF

THE

RURAL SERVICE CENTERS PROJECT

May 21, 1982

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INTRODUCTION

The USAID/Philippines has requested an objective assessment of the Rural Service Centers Project in order that it may decide on follow-on assistance, if any, that may be provided to chartered city governments for their poverty-focused development activities.

The three-person assessment team was composed of William Berg, USAID/Jakarta; Dr. Richard Schwenk, Anthropologist; and Perla Legaspi from the Local Government Center at the University of the Philippines. William Berg assessed MLG/CDAP's capacity to manage and expand a rural service center development project and ability to provide the needed technical services and expertise to the participating cities. Perla Legaspi shall prepare an assessment of the impact of the RSC/CDAP program on the operations of city government. Dr. Schwenk has prepared an assessment of the impact of the RSC/CDAP program and subprojects at the barangay level--the economic, social and attitudinal impact.

Assessment Report

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Summary

Findings and Recommendations

1. In assessing ten CDAP Income Generating projects in Barangays of four Philippine cities a very positive economic, social, and attitudinal impact was measured.

2. The effectiveness of the CPDSs in the implementation of the RSC/CDAP program is perceived by the cities as constrained by delays in the approval of individual projects and understaffing and overburdening of the existing CPDS staff.

3. Two basic types of skills are being developed at the CPDS level: the ability to interact and communicate with members of the rural poor and the ability to design and evaluate the feasibility of small-scale, labor intensive rural enterprises.

4. The average time from project submittal to the time in which the city receives reimbursement is 410 days. This time can be easily shared down to less than one year.

Recommendation: That MLG/CDAP review the steps necessary, ascertain a maximum and minimum time on each step, establish a time-log chart for all projects and educate/inform the cities of the required time-frame so they, in turn, can better anticipate the time delays for better management and disillusionment on the part of the recipients.

5. Recommendation: Since some delay of seed money after the approval to proceed is virtually inevitable and since this is frustrating to the recipients, and since this step is probably not necessary, it is recommended that this step be either eliminated or that seed money be increased to at least 50% and issued at beginning of the year.

6. The delayed payment of salaries and travel funds is critical in that it causes delays in projects, delays in project funding, cancellation of field trips by staff, cancellations of training programs, and lowers staff morale. This problem seems to be getting worse rather than better.

Recommendation: That USAID require in its proposed new or amended project certain Conditions Precedent that will minimize this problem.

7. The MLG/CDAP staff is young, well-educated, motivated and relatively newly experienced. Recommendation: That MLG management and USAID sponsored consultants make as their prime objective that of providing meaningful experiences to this potentially excellent staff.

8. All persons interviewed indicated that should USAID pull out at this time the program would fold. This would be unfortunate as the existing project's groundwork and progress to date would be lost.

9. Concluding recommendation: That USAID pursue a new project assisting the RSC for another 5 years. The early stages (2-3 years) should be

aimed at replicating the existing program and the final 2-3 years institutionalizing it.

I. Financial Management of the RSC

Previous evaluations have emphasized the negative impact upon the RSC program caused by the delay in reimbursing cities with seed money and FAR. To assess this problem, it is necessary to examine the financial management of the RSC by (a) Compiling Data for Project Files to determine the length of time in the various steps--that is, from the time of project submittal by the cities to the time of reimbursement to the cities, and (b) reviewing the problem of delayed payment of salaries and travel funds for the contract employees of RSC/CDAP.

A. Compilation of Financial Data from Project Files

The following table is a result of the compilation of data from a sampling of project files. When possible, the more recent projects were included in the sample:

<u># Of Sampling</u>	<u>Steps</u>	<u>Days</u>	<u>Months</u>	<u>% of Time</u>
29	1. Project Submittal----Auth. to Proceed	132	4.3	32
21	2. Auth. to Proceed-----Seed Money	59	2	
29	3. Auth. to Proceed-----Claim Submittal	182	6	44
26	a. Request for final inspection. ----final inspection	62	2	
27	b. Project Completion Time	120	4	
41	4. RSC Claims----Ministry of Budget	22	.7	5.4
8	5. MOB Release Time	55	1.8	14

65	6. MOB Check Release-----MLG	11	.4	2.7
64	7. RSC Check to City	8	.3	1.9
		410*	13.5	100

* Does not include steps 2, 3a, and 3b.

Interpretations, Discussions, and Recommendations of Above Table

1. Step 1. Time from project submittal to the time when authority to proceed is given. This delay is crucial because it directly affects project progress. Examination of files shows that this delay is often caused by the cities providing insufficient information or documentation. Usually, the authority to proceed was given by the RSC/CDAP within 10 days after the required information and documentation was received. One would think that after four years of submitting projects to CDAP that the cities would have enough experience to submit these projects without too many errors.

Recommendation: MLG/CDAP clarify, teach, and institutionalize CPDSs in proper project submittal.

2. Step 2. The time from "Authority to Proceed" to the time that the city receives seed money. A two month delay in receiving seed money after running authority to proceed results in unnecessary frustration to the cities. Reviewing steps 5, 6, and 7 of the table shows the reasons for this delay. It may be 'shaved' down, but it cannot be drastically reduced. Furthermore, seed money was given to only 35 projects out of a total of 213 projects. It is questionable whether this step is even

necessary in the whole process since cities often use their own funds to initiate project implementation. The seed money concept is a carry-over from the PDAP days (mostly infrastructure type projects) and since it is frustrating and probably not necessary in CDAP (social action programs) it is recommended to either eliminate this step altogether or to increase the percentage (originally 15%, now 25%) to at least 50% and paid at the beginning of the year.

3. Step 3. The time from which the authority to proceed is given to the city to the time that the claim for reimbursement is submitted to MLG/CDAP. Two sub-steps are included in this time. That is (3a) time from the request by the cities for final inspection to the actual inspection and (3b) Project Completion Time. Four months for completion of project seems realistic. However, the two month delay for the MLG/CDAP to inspect the project is an undesirable delay. Much of this delay is a consequence of the general delay in RSC's receipt of its operational budget; while experiencing this latter delay there are no funds for the salaries of contracted employees of the MLG/CDAP and no funds for project inspection travel. Solving the delays in pay and travel will reduce the time of this step to a respectable 3-4 weeks.

4. Step 4. The time from which MLG/CDAP receives the claims for reimbursement to the time that the request is sent to the Ministry of Budget. This time is a remarkably low 22 days. This is because the MLG/CDAP often submits the claim to the Ministry of Budget before the cities submit their claim. Of the 41 projects reviewed in this step:

a. 13 Projects = no claim from the cities

b. 28 Projects = received city claims

(1) 16 Projects = claims presented after MLG to MOB

(2) 12 Projects = claims presented before MLG to MOB

Put another way, MLG/CDAP submitted claims to the MOB for 29 of the 41 projects prior to receiving claims from the cities. MLG/CDAP should be commended for reducing many-fold the time of this step--the most potentially devastating step in the whole process.

5. Step 5. The time in which it takes the Ministry of Budget to release the funds. This step is delayed when payment of salaries and travel money to the contracted employees of MLG/CDAP is delayed. When there was sufficient money available, this time was a respectable 23 days. But when money was not available, it pushed the average up to 55 days or almost two months. Solving the problem of delayed funding of contracted employees will also reduce this time.

6. Other Observations

a. Steps 2, 3a, and 5 are all affected by the problem of delayed funding of salaries and travel funds. If this problem can be resolved, the total amount of time can easily be reduced to less than one year. Considering the necessary steps that must be taken, this is respectable. The other times can only be "shared down".

b. Recommendation: That MLG/CDAP review these steps, ascertain a maximum and minimum time on each step, establish a time-log chart for all projects (for the purpose of monitoring by the Project Director), and educate/inform the cities of the required time-frame so they, in turn, can

better anticipate the time delays for better management and less disillusionment on the part of the recipients.

c. Whether this time-frame affects the subprojects themselves was not adequately ascertained by this assessor. If, for instance, the cities funded the projects directly after the authority to proceed was given, any delay in reimbursement did not affect the projects--only the cities financial situation. The only delay felt by the beneficiary of the project was Step #1. This will be examined by the evaluator of the Local Government Functions within this project and will be discussed in her report (to be submitted at a later date--approximately June 7, 1982).

B. Delayed Payments of Salaries and Travel Funds

Quarterly allocations or approvals of payments of salary and travel funds to contracted employees of MLG/CDAP is often delayed (sometimes up to 3 months). Most recent example: The fourth Quarter of 1981 payment was delayed from October 1, 1981 until January 1, 1982. The first quarter payment was delayed from January 1, 1982 until early March. At the time of this writing, approval for the second quarter payments had not yet been received:

October, 1981 - regular payment received

November, 1981 - no pay

December, 1981 - no pay

January, 1982 - paid for the past fourth quarter in a lump sum, but not paid for January.

February, 1982 - no pay

March, 1982 - paid for first quarter in lump sum

April, 1982 - regular pay (extra from first quarter)

May, 1982 - no pay

These delays in turn cause delays in projects, delays in project funding, cancellation of field trips by staff, cancellations of training programs, and lower morale of the MLG/CDAP staff.

It has been difficult for this assessor to determine the real causes of this delay. However, some of the viewpoints given were:

1. Insufficient or late documentation submitted by MLG/CDAP.
2. At the beginning of the year (most delays have occurred at that time) projects which have no problem, regarding the donor involvement are approved promptly for payment while those that have a problem are set aside, causing the delay. In the previous year the evolvement from PDAP to CDAP caused the delay; in the past year it was caused by the uncertainty of the USAID extension of the project. It was stated that if USAID can assure the extension of the project till January, 1983 and show that it is actively preparing a new Project Paper there will be no further delays.
3. One official stated that the Ministry of Budget feels that the Ministry of Local Government is circumventing its prescribed manpower ceiling by utilizing "Special Projects" wherein it has contract employees (48 of the 52 CDAP employees). Therefore, he went on, the Ministry of Budget first allocates funds for institutionalized bureaus first, then, later special projects, causing the delay.
4. The human factor of attitude for and the Special Projects funds (between 1/2 to 3/4 of the total MLG budget).

5. Funding in the original Project Paper was to come from NEDA directly to CDAP. However, this was "overlooked" in the Project Agreement and the RSC was a "special project" in name only.

Any, all, or a combination of the above viewpoints may be real. In any event, the problem itself is real. The Deputy Minister stated to me that he will attempt to obtain cash advances for the RSC project as he has done on two other projects. This, he feels, will solve the problem.

Recommendation: That USAID require in its proposed new project certain Conditions Precedent that will minimize this problem. These conditions could include any of the following: (1) Cash Advance of RSC Operational Budget; (2) agreement or guarantee from the MOB and MLG that these payments will in fact be timely; (3)/establishment of a KBI number for the RSC project that would result in direct payment to the project or to the MLG on a timely and regular basis; and (4) funds directly from NEDA.

II. MLG/CDAP Staff

The MLG/CDAP staff is young, well-educated, and relatively inexperienced. Of the 52 positions now occupied: 47 are contracted; 32 have college degrees; 32 have less than 2 years experience; and the average age is 28.

Except for the debilitating factor of delay in pay, the staff has high morale. In fact, in some cases the morale is high in spite of the delay in pay. The management generally allows individuals to control and be responsible for their own work. This coupled with the excitement of working toward a "worthwhile" goal induces high motivation.

It seems to this assessor that to work with these young, educated, highly motivated individuals would be very exciting. The only problem, then, is to provide this staff with meaningful experiences. This should be the major input to both the CDAP management and to the USAID sponsored technicians.

Due to the forementioned problem of late budget allocations for pay and travel, too often the American consultants have had to travel to the cities and projects without a counterpart. This has resulted in the Americans being the "doers" (or at least perceived that way) instead of being advisers. This has robbed the CDAP staff of the golden opportunity of gaining the experience that is necessary. At the time of this writing, it seems that a conscious effort is being made to "team-up" the Americans with working counterparts and utilizing the Americans as resource persons, advisors, and confidants. But in the end, the Philippine counterpart is the person responsible for getting the job done. The RSC/CDAP staff is often perceived by the Local Government officials as young, educated, and inexperienced. Because, that is what they often are. Compounding this perception, though, is the American consultant with all of his experience and grey hair often arriving at the local level unaccompanied by a counterpart. It is recognized by all that this conversion of Americans from the role (that was in part forced on them by the situation) of being doers to the role of advisors and resource persons must be phased into as rapidly, but cautiously as possible.

Could the RSC/CDAP staff assume the role of the American Consultant? Definitely, yes. But only after this staff attains both the experience and the respect that follows successful experiences. Again, the major effort of both the RSC/CDAP management and USAID sponsored consultants must be:

providing meaningful experiences to this potentially excellent staff. The bottom-line, though, is solving the problem of delay of pay and of travel money so that these experiences can be possible.

III. Alternative RSC Managerial Modes

Listed and discussed below are some alternative managerial modes or organizational formats:

A. MLG/CDAP Alone

All persons interviewed indicated strongly that if USAID phase out at this time, the program will fold. The inference that "something is wrong" with the program would in itself be enough for the GOP not to pursue it. Also, a continuation of technical assistance to provide the potentially excellent staff of RSC/CDAP with necessary experience is required.

B. MLG/CDAP Functioning as Contract Managers

The MLG/CDAP functioning as contract managers who procure locally all technical services and expertise required by the Rural Service Centers is, on paper, appealing. However, taking into consideration the existing educated, motivated, and committed staff of MLG/CDAP, it is felt that putting them into an inactive secondary role of contract officers would eventually demoralize them as they would become less and less involved and thus ultimately uncommitted. The required technical assistance RSC/CDAP provides to the CPDS and to the various projects should be reviewed. Four or five of the most common fields should be ascertained and those skills developed among the RSC/CDAP staff. Other fields should be contracted locally.

C. MLG/CDAP with Continued Expatriate Technical Assistance

At least in the next three years continued expatriate technical assistance should be provided to assist in upgrading the existing RSC/CDAP staff. The technical assistance should be in those fields in which experience over the past years of the project indicates will be the most needed skills of the RSC/CDAP. In interviews with RSC/CDAP staff, the fields most often mentioned include: Project Management, Business and, Financial Management, Organizational Development, Social Sciences, Management Training and Skills Training.

Prior to a new project being implemented there should be a clear commitment on the part of the GOP to solve the present situation of delayed payments of salaries and travel money. To pursue a new project with this situation unsolved would not be advisable, because it affects all aspects of the program--especially the upgrading of the present staff due to lack of travel money. At the very least, monies should be found that would allow year-round travel for the RSC/CDAP staff.

D. Abolishment of the "Special Project" Status

Having 'special project' status is necessary in the early years of the program in order to provide the incentive, impetus and initial momentum to get things started. However, having that status also causes problems (i.e., delayed payments of salaries and travel money). On the long pull, the RSC program should be institutionalized into the existing Bureau of Local Government Development.

Recommendation:

Pilot Program - Present Project - 1978-1983

Replication Program - New or Amended Project - 1983-1986

(New Evaluation - 1986)

Institutionalization Project - New or Amended Project

(dependent upon 1986 Evaluation - 1986-1988)

The fact that RSC/CDAP has 233 projects highlights the need for them to begin to standardize and institutionalize the processes whereby projects are selected, designed, implemented, monitored and evaluated--not so that the National Office may exercise control over the cities in terms of projects, but rather so that it may prove its capabilities in records management and in offering useful technical assistance when it is required and/or sought.