

F I N A L R E P O R T

**TECHNICAL ASSISTANCE TO
FINCA/BOLIVIA**

**By
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Contract 511-0581-C-00-5156

INTRODUCTION

The present report attempts to provide a final description of activities performed by Rural Development Services under a contract that has not had an opportunity to be executed normally. Due to an internal accounting error by USAID, the contract's original budget had to be reduced by \$26,500 or 29 percent. A third supervisory trip to Bolivia by Dr. Aquiles Lanao was cancelled by telephone request from USAID Project Manager on October 22, when the consultant was already en route to Bolivia, but was never formalized by a stop work order.

Due to the disappearance of funding for a proposed USAID grant of \$100,000 to support FINCA's administrative costs, the organization currently faces a short-term cash flow crisis that threatens its continued existence. As of this writing, FINCA staff has already gone two months without salary. The only available source of funds to alleviate this situation, until other external income can be generated circa June 1986, is the balance of funds in the present technical assistance contract. RDS voluntarily relinquishes its claim against the contract balance so that the funds can be reallocated in support of FINCA/B.

It bears mentioning that between February 26 and March 12, 1986 RDS has donated 10 days of technical assistance to FINCA without charge to the contract budget. Furthermore, in 1984-1985, RDS contributed \$80,621 in consulting services to the FINCA program of community revolving funds for which claim against FINCA/B has been waived.

With the termination of this contract, RDS has been paid only \$33,437 or 36 percent of the original contract budget. The following report describes the extent of RDS compliance on the eight tasks it was assigned to complete.

TASK ONE: FIELD SUPERVISION

Dr. Aquiles Lanao visited the FINCA/Bolivia program on two separate trips: August 15 - September 11 for 24 days; and September 29--October 13 for 12 days. The first visit was predominantly devoted to conducting a two-week training program for program staff. The final 6 days of this period--which had been programmed for field supervision--could not be utilized for their intended purpose because of a national strike which prevented both field visitation and exit from the country.

The second visit of 12 days permitted field supervision in the departments of Cochabamba and La Paz. A total of 19 FINCA villages were contacted. In addition to meetings with six regional supervisors, the consultant met with the USAID Project Manager and FINCA's Board of Directors.

RECOMMENDATIONS

1. Other than Dr. Lanao, FINCA/B does not have a formal capacity to supervise the performance of its regional supervisors. The Director of FINCA/B functions exclusively as a gerencia administrativa and has not conducted a field supervision visit in over a year. It is recommended that FINCA/B name one of its existing regional supervisors to a half-time position (15 days/month) of National Program Supervisor, visiting five other regional offices on a monthly basis.
2. It is imperative that the Director of FINCA/B devote at least 5 days per month to field visits so as to become familiar with program operating conditions and constraints in the different regions.

TASK TWO: PROBLEM SOLVING FOR PROGRAM IMPLEMENTATION AND LOGISTICS

A major problem was the gap in coverage created by the departure of a regional supervisor for Sur La Paz-Oruro, who was named Minister of Agriculture. Dr. Lanao arranged for the transfer of Hibernon Veizaga, supervisor for Cochabamba, to cover the La Paz-Oruro region. He then recruited and trained his replacement.

Dr. Lanao worked on a variety of logistical deficiencies, principally new tires and rims for field vehicles. He likewise prepared budget and bid specifications for essential FINCA equipment including computer and short-wave radios. Despite an initial USAID commitment of support for the purchase of these items, they were never obtained and their procurement was subsequently cancelled. This action was particularly onerous for FINCA in view of the fact that the referenced items could have been bought under an IAF grant but were subsequently transferred to USAID support following an offer by the agency to take responsibility for their purchase.

RECOMMENDATIONS

1. In view of USAID's procurement delay and flip-flop support for equipment acquisition, the consultants strongly urge that FINCA finance all future equipment purchases with funding from private sector donors.
2. Vehicles used in the FINCA program have proven inadequate with reference to gas mileage, passenger capacity, hauling capacity, tires, batteries, and general performance. It is recommended that FINCA purchase Toyota pick-ups when renovating its vehicle fleet, said vehicles to be financed with funding from private sector donors.

TASK THREE: STUDY AND RECOMMEND NECESSARY ACTIONS

In conjunction with program field staff, Dr. Hatch designed an evaluation instrument for measuring the performance of regional supervisors and promoters. The evaluation was completed and all participants graded. Although at least 20 percent of staff were evaluated at below acceptable performance standards, neither the Gerente or Board of Directors of FINCA have yet taken any action to reduce or replace existing staff members.

In conjunction with program field staff, Dr. Hatch designed an evaluation instrument for measuring the impact of community revolving funds--in credit use, capitalization, and marketing. These questionnaires have yet to be completed for all regions, while completed questionnaires have yet to be used.

In accordance with Task 8 of this contract, Dr. Hatch devised a methodology for capturing the marketing experience of FINCA villages via a series of regional conferences. Dr. Hatch then spent \$6,000 of his own money to finance the first two marketing conferences. Scheduling for 10 regional conferences was prepared together with a revised methodology for conducting the conferences. USAID subsequently elected to cancel any and all support for FINCA's marketing activities. An AID/W-financed grant for \$39,400 to implement the conferences has never been spent. It was recently decided to cancel the grant's original purpose and attempt to have the funds applied on behalf of FINCA's administrative cost support.

RECOMMENDATION

1. USAID support on behalf of reallocating the \$39,400 to meet FINCA's administrative costs is requested.
2. In the future, it is strongly recommended that future training activities by FINCA/B be conducted exclusively with funding from private sector donors.

TASK FOUR: INFORMATION SYSTEM

RDS was asked to design a comprehensive information system and train personnel in data collection and processing. To this end consultant Iris Salinas visited Bolivia from August 15 to September 11. During this period Ms. Salinas actively participated in a two-week staff training program where she methodically collected valuable program performance information not documented in monthly reports--information to identify the profile of delinquent communities as well as causes of successful capitalization and amortization performance. Ms. Salinas also participated in the design and training of staff in the use of an evaluation instrument to measure the impact of revolving loan funds at the village level.

In a comprehensive report, Ms. Salinas conducts a detailed diagnosis of the deficiencies of FINCA's existing information system and recommendations for resolving them. Unfortunately, the consultant was not permitted to complete her design activities because FINCA's Board of Directors failed to approve her travel for a return visit. Her responsibility of training FINCA staff in data processing was not implemented because USAID failed to procure the personal computer which was requested by FINCA.

RECOMMENDATIONS

1. As soon as FINCA can afford to do so, it should hire at least six days of Ms. Salinas' time to allow her to transfer the computer program and instruments for consolidating the FINCA program's performance statistics, which have been computed by the consultant on her own PC in Lima, and without charge to the program.
2. The National Supervisor (page 2, recommendation 1) should be asked to develop appropriate reporting formats based on ample and periodic discussion with regional supervisors.
3. The evaluation instruments designed and applied to date should be immediately analyzed and their results reported by FINCA before subsequent personnel or impact evaluations are conducted.

TASK FIVE: CONDUCT TRAINING WORKSHOPS

RDS was asked to conduct two training workshops of 12 and 6 days duration for program staff. The first of these two workshops was held in Cochabamba. It was attended as well by five members of FINCA's Board of Directors, including three campesino directors. A comprehensive Proceedings document from this workshop has been printed and distributed to all field staff.

The second training program was never conducted for lack of adequate funding as well as the premature cessation of consultant activities under this contract.

RECOMMENDATIONS

1. The 12-day workshop was too long. All future training events should be programmed to last no more than six days.
2. It has become necessary for reasons of cost-effectiveness to begin decentralizing staff training to the regional offices. Furthermore a pyramid of training is necessary so that promoters train villagers, regional supervisors train their promoters, and foreign advisors to increasingly train only the regional supervisors and other senior staff of the program.

TASK SIX: DESIGN A COMPREHENSIVE STRATEGY

During Dr. Hatch's visit of February 26 to March 5--a week of technical assistance which was donated at no cost to the contract --a comprehensive strategy for program expansion was prepared. This 6-page document recommends programmatic, organizational, and budgetary adjustments in the FINCA program. It is accompanied by a logical framework for an expansion program which (1) raises FINCA beneficiary coverage from 21,800 to 43,000 families in three years; (2) raises average loan values per family from \$30 to \$70; and (3) permits FINCA, through user fee charges, to cover 87% of its operating costs by the end of the third year.

TASK SEVEN: ASSISTANCE IN BUDGETING, POLICIES, NORMS, ETC.

During his November visit, Dr. Hatch prepared a proposal for reprogramming the expenditure of the technical assistance contract. This exercise included detailed budgets for the National Supervisor, information consultants, and external advisors. It also provided detailed scopes of work for each of the above and a schedule for their participation. No action on this proposal was ever taken by FINCA/B or USAID.

Similarly, Dr. Hatch reprogrammed the budget for the USAID donation of \$100,000. Again, no action was taken. And when the grant was subsequently lost, all action became academic.

During his February-March visit, Dr. Hatch prepared a program expansion document (cited above) entitled "Ajustes En La Metodología, Organización, y Presupuesto de FINCA/Bolivia".

TASK EIGHT: ASSISTANCE TO IMPLEMENT MARKETING STRATEGY

As mentioned previously, USAID changed its mind with regard to this task and explicitly pressured FINCA to withdraw from its marketing involvement. A \$39,400 grant to finance 12 regional marketing conferences was repeatedly delayed in its disbursement and finally cancelled.

Budget Status of Contract 511-0581-C-5156

It is the understanding of Rural Development Services that the balance of funds remaining in the contract is approximately \$31,863. Since the request for this report was presented in the field, the author does not have access to the original vouchers on file at the home office of RDS in Bethesda, Md.

<u>Description</u>	<u>Expenses</u>	<u>Balance</u>
Original budget		91,800
Less: USAID overdraw of account	26,500	65,300
Less: Voucher of Sept. 11		
-Lanao and Hatch	18,293	47,007
-Salinas (formerly suspended)	5,226	41,781
Less: Lanao Voucher of Oct. 19	5,434	36,347
Less: Hatch Voucher of Nov. 26	4,484.22	31,862.78