

memorandum

HHR 125/87

DATE: August 28, 1987
REPLY TO: Bambi Arellano, HHR
ATTN OF: *B. Arellano*
SUBJECT: Project Assistance Completion Report
(Loan 511-V-057, Grant 511-0482)
TO: Michael J. Hacker, HHR Chief

The Project Officer will limit her observations to the period from 12/85 - 1/31/87 (PACD) and the six months following PACD. Her in-depth knowledge and understanding of the Project covers this period when she took over as Project Coordinator (12/85).

BACKGROUND

The Rural Education II Project lasted from 1977-87, with a two-year suspension from 1980-82. Reports presented through 12/85 reflect the extreme difficulties encountered in fulfilling the initial project goals. The political instability from 1978-82 had a directly impact on project implementation. A series of restructurings of the project office were carried out in an attempt to salvage its potential, but at the time disbursements were suspended in 1980, of the \$16.8 million dollars obligated in 1977, only \$4 million had been spent. The originally ambitious project goals had been reduced to the teacher training and curriculum development components, where the technical assistance contractor (Academy for Educational Development GOB/AED No. 511-0482-050HCC) could have a direct impact and management role.

The project was reactivated in 1982 (PIL No. 41 of 12/23/82) budgeting the remaining \$12.8 million among the following components:

- 1) teacher training,
- 2) curriculum development,
- 3) teaching materials development,
- 4) facilities improvement, and
- 5) schools administration improvement.

The Informe Final of the Project Director, Emma Ruilova, covering the period 1977-85, details progress and problems under each of these components.

During the last 14 months of the Rural Education II Project progress was made on components (1), (3), and (4). In the areas of teacher training and teaching materials development, the first distance education course was carried out with 1,200 rural teachers. Under facilities improvement five of the six normal schools under construction were completed and inaugurated. The remaining school is being completed entirely with GOB disbursements.

CONCLUSIONS:

1. The Project Officer spent at least 70% of the time she dedicated to this project on coordination with CONT to clear up outstanding advances, deal with unfulfilled contracts and potential cases of misspent funds, and similar matters resulting from the Project Office's administrative deficiencies prior to her tenure as project manager. As consequence, her technical input was minimal.
2. The system of direct administration, rather than contracting out for the schools constructions, was an important initiative. The construction engineers and administrators in charge at each site, as well as the technical central office staff, were chosen with USAID/B's screening and approval, and on the whole responded very well under extremely difficult circumstances.
3. USAID/B's direct involvement in the financial management was also key to project achievements in this final stage. The partial clearing of the outstanding advance from 1984-85 allowed disbursements to proceeds and constructions to continue. Given the complexity of this problem, it is doubtful that without the establishment of the USAID Financial Review Unit in the project and ongoing input from CONT, a solution would have been reached.
4. The Project Officer also spent time with AID/W auditors examining the procurement difficulties under this project. The seriousness of the findings and the length of the investigations required intensive participation by the technical office. A delicate situation was created between the Ministry and USAID given the joint participation of employees in the misuse of position and funds. In these cases direct communication and timely intervention by the Mission Director were important.
5. The Project Officer relied on, and coordinated with, CONT and PD&I's technical staff for all decisions made during this period. The delicate balance between putting the project back on track administratively and maintaining progress on activities in the field was achieved largely due to this close coordination.
6. A project as complex as Rural Education II should not be inserted in a Ministry with such a limited operating capability and one which is so politically vulnerable. At the time of project reactivation

in 1982 a closer look should have been taken at all those factors which would work against smooth and correct execution, and the extension should have been limited to "achievable" components, and not those which in a highly inflationary, unstable situation would be so problematical. Only the relative economic stability in 1986 permitted the construction component to go forward.

7. The GOB did make an important effort in a situation of extreme austerity to maintain pari passu during the project's last year. Nevertheless, the lack of interest and/or capability of the Ministry's staff to deal effectively with the outstanding advances may lead to bills of collection for over \$ 300,000. It would have been in the GOB's interest to place a higher priority on dealing with this situation in a timely fashion.

ANNEXES. I. Informe Final: Construcciones Escuelas Normales Rurales.
II. Memo: Conclusion of PER II (511-V-057) Project Activities.

HHR:BArellano:moi