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**MIDTERM MEMORANDUM
OF THE
MANAGING DIRECTOR
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Introduction

This memorandum is written on the occasion of the obligatory mid-term evaluation of the DLGP.

The following will be presented in this memorandum:

- the mistakes that were made;
- the lessons to be learned from them, and
- what to do to prevent falling back into the same mistakes.

"In each venture, however good it is, mistakes are made; good ventures distinguish themselves from the bad ones because they learn from their mistakes"

These matters and answers to many other problems are taking place on the basis of the test of the DPLG to 10 success formulas according to international standards of project management. The continuous policy and strategy of the managing director will have to keep that in mind.

Before proceeding to the aforesaid, it is necessary to give a 'summary' of the "unique view", that is implied in the DLGP as project view, a view. However, this project view is not always understood or being understood by everyone with all kinds of consequences as result.

The unique view

Suriname - just like many developing countries and developed countries - is struggling with a fiscal crisis.

Even the USA went through serious fiscal crisis after the Second World War. The same applies to The Netherlands and other European countries. The literature from the current period proves that the method of "budget cuts and taxes increase" is outdated. Governments are no longer capable to base policy and strategy thereupon in order to solve the problems the population/citizens have.

Deleting programs and budget figures, increasing taxes, running up debts are the order of the day to somewhat meet with the quality of the life of the citizens and to cope with the financing of the national economy. This means, among other things that the citizens have to pay more to receive less; even worse, the citizens do not

even know what they are paying for. There is a constant pressure and tension on many fronts between governments and citizens.

A few states and cities in the USA have successfully experimented with abandoning the outdated view and applying the 'open budget view' and/or introduction of the model of the 'outcome budget', that is no longer developed on basis of the budget figures and budget structures of preceding years!

The new view has been developed on the basis of the following 5 key questions:

1. are the problems of short or long duration?;
2. how much are the citizens willing to pay themselves?;
3. which results do the citizens themselves expect from their financial contribution?;
4. how much does the state want to contribute here to achieve those results?, and
5. how well can those means be spent to achieve the objectives that were set?.

This approach led to 5 core solution models:

1. one must have 'grip' on everything: the first requirement is endurance and to be able to survey minimal five years by means of planning five years;
2. the budget must have a 'start budget': setting up the budget on the basis of expected income within the present legislation without increasing the taxes, i.e. the model of 'outcome budget';
3. formulating and determining the priorities of the central government and the local government. What does the central government want from the citizens and what do the citizens want from the state?;
4. the allocation of the budgetary means, population contribution, donations etc. for the specified priorities, and,
5. the development of procurement- and implementation plans for each of the provisions considered as priority, aimed at the desired result; adjustment of personnel structures (compensation according to accomplishment, incentives), and to have the local government compete with the private sector in the implementation of projects of the central government.

The 'Washington State Experience'

This new view, based on the 'Washington State Experience' comes down to:

- "prefer budget for outcomes;
- start with what citizens want and not with programs government agencies are willing to fund;
- not to start with last year budget but with the outcome the public want;
- not to cut the budget with 10-15% and increase the tax with 10-15%, but how to maximize the results the public want with the remaining budget".

When the DLGP was being formulated, the IDB had to use this view as starting point, because due to constant *fiscal* crisis in Suriname, the fiscal decentralization did not have a chance to succeed. That is why the Government agreed with the *financial*

decentralization afterwards, including capacity building and citizens' participation. Thus, the 'Washington State Experience' is actually implied in the DLGP, namely:

1. BFM component: must take care of the 'outcome budget', starting from the 'open budget view'; i.e. the district budget "new style";
2. Revenue component: must take care of start budget;
3. Citizen Participation component: must take care of the priorities that the citizens themselves want;
4. Marketing: must have a guiding and a vanguard role to examine what the citizens want and how much they are willing to pay for it themselves;
5. Program outreach component: must conduct campaign to get the DLGP concept accepted by the citizens;
6. Civil Work component: must take care of the budget and procurement of the provisions;
7. Components 1, 2, 3 en 4: must take care of the five-year District Development Plan and the structure of the District Budget 'new style';
8. Inter-governmental relations (Legal) component: must regulate the modernizations sub 1, 2, 3, 4 and others (study district personnel) legally and structurally well, and
9. The Resident Advisor and International Consultants must be familiar with this 'international concept' and accordingly must form, educate and assist the Task Managers and Local Consultants at the implementation of the components to realize the DLGP objectives (based on this concept).

With this, the DLGP strengthens the *democracy* and/or breaks through the *fiscal crisis* and the *bureaucracy*.

The Saramacca District Experience (1981-1987)

As a matter of fact, the abovementioned approach has been ahead of the "Washington State Experience" in the district Saramacca in the years 1981-1987, and was led by the present DLGP Managing Director, who was at that time District-Commissioner of Saramacca ("Saramacca District Experience"): with maximal citizen participation and involvement of the population at the planning, establishing of priorities, setting up and with helping to execute the budget with own financial contribution, the grandiose development had been accomplished: drinking water supply, power supply, construction of bridges, tiling of roads, allotment of horticulture (for 350 young families from the joint families), construction of library, construction of aid outpatients' clinic, police station, construction of office buildings for the central government for decentralized services, dams and banks, lighting of stadium, construction of new playground and sports fields, renovation and expansion of swimming-pool, establishing a place to take care of the handicapped (SOGK), facilitation of service clubs (Lion club Parwani), attracting banks, expansion of rice areas for large-scale farming (from 1,000 ha to 6,000 ha), recreation halls (VCB), sports fields and water supply for tens of indigenous and maroon villages, etc.

The regular procedure of the government's personnel underwent adjustment (contrary to the Act for Civil Servants). They have worked result-oriented with a minimal burden of the budget of the central government. The new structures, incorporated in the Act Regional Bodies, have been a result from this.

The DLGP has been measured to give shape to “Washington State Experience” and “Saramacca District Experience”.

Mistakes in implementing the DLGP

The following 4 aspects can be considered as mistakes or rather as weak aspects in the process of the implementation of the DLGP, since these have impacted the performance of the desired outcomes. These are:

1. The replacement of ICMA by VNG (Vereniging Nederlandse Gemeenten/ Association of Dutch Municipalities) per 2 January 2002;
 - ICMA is the designer of the DLGP project view and the component ‘capacity building’;
 - The VNG and the consultants that were involved were unfamiliar with the ICMA-concept; the ‘transition of institutional memory’ was not used, for which USD 7,000 included on the TCP-budget;
 - Employment of a cultural anthropologist as Resident Advisor (RA), without backstopping support from the VNG management;

2. The false start of the DLGP;

The planning of TCP from January until April 2004 (Technical Cooperation Program), preceded by a ‘feasibility study’ (April/May 2001) under the responsibility of VNG for a ‘smooth’ start up of the DLGP, had failed:

 - In 4 months the pre-conditions of the IDB could not be fulfilled;
 - 3 of the 4 months were spent on the re-writing the Program Design Report (PDR) and the project budget, which did not belong to the objective of the TCP; the produced ‘initial report’ (the PIP) lacked the DLGP project view and differed too much from the original draft;
 - The conditions for a smooth start-up were also not fulfilled:
 - the required manuals were not finished;
 - the required complete consultancy and procurement plan for recruitment, selection and hiring of ICs and LCs were not made;
 - PIU handed in incomplete; process for the appointment of a project-director was with difficulty; no training for ‘core PIU’
 - not one DA recruited and trained.

3. It took too long to rectify mistakes (May-November 2002);
 - Extension of TCP with 2 months;
 - Breaking off with the first Resident Advisor;
 - Breaking off with VNG;
 - 7 months’ delay in the start of the DLGP (May until November 2002);
 - The Senior Policy Advisor had to produce a total of 150 memos to keep the DLGP on the right track.

4. The weak “take-off” of the DLGP per 27 November 2002

- Without the international organization that is required by the project documents for the assistance in the ‘overall management’ of the DLGP, and
- Without complete ‘ownership’
 - A new RA, unfamiliar with the type of project and who still had to settle in; not a social administrator; no international experience with implementation of decentralization programs in development countries;
 - A new project director, unfamiliar with the type of project; who was not a social administrator, had no experience in the field of public administration, no experience in project management; was originally a cultural anthropologist, unsympathetic towards training on the job;
 - A core PIU team, consisting of academically trained technocrats, from whom the ‘professional growth’ was expected due to extensive trainings according to the project documents; these failed to occur during the TCP; also during the execution of the project, little or no attention was given to this; the team had to put their own efforts into it and on on-the-job-training by international consultants, who themselves did not have ‘ownership’ of the program;
 - The international consultants were also unfamiliar with the type of project and the project concept; they had too much freedom and space to work according to their own concept and according to their own discipline; corrections always had to be applied afterwards, namely after review to project vision and project documents;
 - Consequently, no control on the basis of ownership of the program and institutional memory (lack of ICMA immensely great);
 - The use of the ‘institutional memory’, of the Senior Policy Advisor, who was not in the position of steering, was too much seen as intervention and appeared not to be feasible either.

Eventually, the working relations with the first project director and the international consultants in question (BFM, HRM) had to be broken off with; also structural adjustments seemed to be necessary; appointment of a new project director (per January 2004) and adding of an International Management Advisor (per February 2004); dissolution of the institute of the Senior Policy Advisor (per January 2003) and evaluation of the institute of the Resident Advisor (mid-term).

The test of the DLGP

It is well-known that a project is a complex plan, in which many persons are involved. That is why the success, but also the failure of a project depends on many factors. The test to the 10 success formulas, i.e.

1. communication;
2. competencies;
3. documentation;
4. project objectives;
5. client;

6. planning;
7. "book of duties";
8. project leader;
9. training project team, and
10. project team

These factors - as a test to the DLGP – will be looked at and be presented below in alphabetic order, for they are equally important:

Communication (1)

Strong points:

- the availability of effective communication means: full loaded office equipment: modern telephone central, fax, own server, own internal - and external network per e-mail, intranet, internet, Info Management Database System, Symon, digital monitoring system
- availability of a qualified office and system manager;
- availability of good means of transport, and
- frequent meetings on various levels: project team (weekly), project group (IDB, MRO, PIU) (monthly), stakeholders conferences and workshops (according to one's needs).

Weak points:

- not effectively utilizing the means of communication;
- not effectively utilizing the possibilities for discussing policy, strategy, project view beforehand and during the implementation of matters;
- too many reasons for not having meetings regularly due to flaws in the planning;
- grouping of activities through the various components has not yet gotten into it's stride;
- really working as a team must still take place, and
- lack of adequate knowledge on communication as science, and control over own 'toolbox' for maximal ownership for a 'leading role'.

Benchmark:

- effective communication within the team;
- frequent and effective meetings (unconditionally);
- grouping of joint activities;
- encouraging unity in the team, and
- examining of the correct meaning of communication during execution of projects .

Competencies (2)

Strong points:

- the tasks and competences of the responsible persons (Senior Policy Advisor, DLGP Director, Resident Advisor, PIU Task Managers and the staff) within the project are transparently regulated in the Terms of Reference and their role is described in the Operating Regulations and Guidelines (ORG);
- the project director has sufficient project means, and
- per component the Task managers' have the availability of the project means according to procurement regulations of the Bank.

Weak points:

- the organizational structure with autonomous tasks in the beginning was already inappropriate; it had to be guided from the position with institutional memory and strong ownership of the program;
- vagueness in the competencies of SBA (Senior Policy Advisor), DLGP Director and RA (Resident Advisor);
- weak management during the first 12 months of the implementation (RA, Project Director and TMs (Task Managers) did not have complete ownership of the Program and/or own component yet);
- knowledge of the contents of the Program and own tasks according to own ToR and ORG was picking up slowly and with advancing perception;
- the intention of the institute and the role of the RA according to the TOR of the Program were misunderstood and not correctly implemented by the Ra's;
- bad regulation concerning the responsibility by the RA;
- at the execution of his competences, the project director is strongly dependent on the clients (contact person is the Director of Regional Development), especially in fulfilling the elaborated procedures to get 'approval' and 'no objections', and
- usually impossible to react fast and flexibly to deviations of the planned course and therefore prevent delay in the time span .

Benchmark:

- competences, procedures and regulations must be aimed toward being able to make and/or take decisions in a effective and efficient manner, especially these should make it possible to react fast and flexibly to differences of the planned course.

Documentation (3)

Strong points:

- the project has already been laid down in all its aspects;
- all information has been documented, and
- there is an electronic library : Info Mgt System - DLGP data base.

Weak points:

- all information and documentation are not in a special project-file accessible for the project team and the client;
- no optimal utilization of the available information and documentation;
- the official documents (the last versions) have not been authenticated, and
- a system of transference of the documents at the completion of the project to the client has not yet been developed.

Benchmark:

- there must be a case of qualified completion of the plan, and
- differences, agreements and common grounds must be defined in time, thus defining working packages, responsibilities, plans regarding the progress, as well as a filed report, since these have a permanent influence on the success of the DLGP.

Project objectives (4)

Strong points:

- the project objectives are accurately, concretely and correctly formulated: general - and specific objectives;
- leaves no room for interpretation;
- are verifiable for progress and success:
log frame, indicators, benchmarks, milestones, levels;
- achievement is attached to a time-span;
- the schedule is planned on the basis of feasibility;
- the objectives do not contrast each other, and
- there is a clear project view.

Weak points:

- too much freedom left for VNG and certain ICs to give an own (often very different) interpretation to the objectives;
- the lack of a monitoring system;
- not working within a system;
- not meeting 'deadlines', also after adjustment of the time- span, and
- the project view is not always understood and not by everyone.

Benchmark:

- the formulated objectives must not be susceptible to interpretation, and
- the monitoring must take place professionally on the basis of a thorough monitoring plan.

Client (5)

Strong points:

- there is a broad political basis for which the Minister of the ministry of Regional Development is responsible (approval of the Interim Act on Financial Decentralization by the Parliament by both the coalition and the opposition);
- there is a client with the Director of the ministry of Regional Development as contact person;
- the responsible Under-Director of the Directorate District Governance of the ministry of Regional Development is intensively involved in the preparation of the policy and implementation by means of participation in project meetings;
- both ministries (Regional Development and Finance) and the IDB make the financial means available to the project bureau in a timely manner;
- there is a frequent project group deliberation for discussion, in which the following officials are participating: Director and Under-Director of ministry of Regional Development, Director DLGP, and the Representative of the IDB, and
- approves of the project proposals, regarding reports, bills, appointments, terms of reference and contracts, procurement documents in an efficient manner, and
- the project team works in an integrated manner together with the counterpart team of the ministry of Regional Development, composed of staff workers of various departments of this ministry.

Weak points:

- politic-administrative attuning takes a lot of time and frequently gives cause to adjust the time-span;
- bureaucracy hampers effective decision-making process;
- formal response to correspondences appears to be too long,
- the correspondence is too intensive, despite deliberation and participation structures counterpart project team of the ministry of Regional Development.

Benchmark:

- with the quality of the client, the quality of the project becomes higher, and

- a good client deliberates on the objectives with the project leader and his team and accurately describes all parameters.

Planning (6)

Strong points:

- since the start the DLGP has known an extensive planning and even a very detailed planning per component;
- DLGP planning clearly rests on methodology with regard to resources, material, personnel and implementation;
- the planning documents consist of: Project Implementation Plan (PIP) an overall Time Line, Log Frame, Operating Regulations and Guidelines and Project Budget;
- the planning documents contain clear benchmarks, indicators, levels and milestones, and
- the monitoring of the implementation on the basis of the planning, modifications by the project director and carrying out of negotiations to adjustments by the project director.

Weak points:

- the lack of a monitoring plan since the start of the program;
- not accurately adhering to the planning, benchmarks and indicators;
- being trivial with realizing the set tasks and objectives within the specified time limits and to report variations in time with proposals for adjustments and overtaking maneuvers;
- lack of team harmony, and
- lack of optimal knowledge on project management and employment of the right tools.

Benchmark:

- 90% of all mistakes and problems that were made in later phases are caused by an inaccurate or incorrect planning, and
- professionalism in the employment of project management tools is a *conditio sine qua non*.

Book of duties (7)

Strong points:

- fundamental deviations and more detailed explanation of objectives and methodology, policy and strategy are recorded in an "Aide Memoire" signed by the IDB and the Director of the Ministry of Regional Development, after an agreement has been reached on these matters, and

- the intention of the project director to introduce a 'book of duties' to register the result of negotiations between the project director, the ministry and the Bank.

Weak point:

- the lack of a 'book of duties'.

Benchmark:

- the objectives that were formulated by the client are rarely sufficient to actually complete the project in the desired form. A detailed and comprehensive description of the variations is important (Project document).

Project leader (8):

Strong points:

- the project director is the central figure of the whole plan;
- the project director has organizational, communicative and executive skills;
- is familiar with the project (as project coordinator, he has been involved since the initial phase in 1998); has been involved in local government and the decentralization process in Suriname for 30 years; has been working for the ministry (public sector) for 20 years; is the 'institutional memory' of the DLGP and has complete 'ownership'; monitors the project view, project objectives and the project planning;
- evaluates technical matters in a complex project when the DLGP is entrusted to experts (IC's, LC's);
- attends to unambiguous decisions, supports execution, prevents chaotic situations with external contact persons (client, stakeholders);
- support available by an international Management Advisor, and
- has the alertness to intervene and to report in order to tackle weak links effectively and to keep the project from destruction.

Weak points:

- lack of a qualified project director from the start of the program (November 2002-January 2004);
- lack of an international management organization for the required assistance in the overall management of the DLGP (should have been ICMA);
- lack of quality control on the productions of the ICs, LCs, TMs, Das, and
- difficult process of getting a timely approval of proposed measures to immediately tackle weak links in the program.

Benchmark:

- the project leader plays a central role; has vision, ownership, managerial and communicative capacity

Training of project team (9)

Strong points:

- much time (first 18 months) and money (project budget) put in the planning according to the project documents, even before the commencement of the project (TCP period January-May 2002);
- strong provision in coaching and permanent support of the Project Implementation Unit by means of the introduction of the institute of Resident Advisor (international expert);
- clear description in terms of reference and contract: immediately after the commencement, the RA takes care of continuous training in project management, communication, planning, monitoring, local government, etc. to the academically trained Task Managers to prevent that serious mistakes will be made during the implementation and not avoid that too much has to be recovered afterwards;
- on-the-job-training of the TMs by the international consultants during the implementation;
- team consisting of academically trained Task Managers, and
- good command of the software.

Weak points:

- not observing the strong views, provisions, requirements and regulations in the project document and the terms of reference by international experts (gave cause to intervene);
- neglecting to give the required training during the TCP-period and during the first 18 months of the implementation of the DLGP (gave cause to intervene);
- the on-the-job-training of the ICs were not always in conformity with the requirements (gave cause to intervene);
- the TMs lacked experience in the field of project management and familiarity with the district committee and the public sector, and
- despite strong qualifications and characteristics of the TMs with regard to technical and organizational knowledge, little (self) critical attitude is noticed.

Not much attention is paid to essential questions, such as : do I master my toolbox?; do I have a command of the legal regulations?; do I master the required instruments of project

management?; am I doing the right things?; do I apply the right methods?; how do others actually position myself within the DLGP (feedback)?; how can I change or improve my own attitude when finding out what the effect of my communication is?; what must I do regarding self-study to qualify myself better for the job without waiting on trainings from the program?; At which level of ownership do I stand? ; How long must other people decide for you. (18 months at the most and they have passed)?.

Benchmark:

- the success of the program is made and broken with whether or not being qualified in the field of project management, affinity with the program, and complete ownership.

The project team (10)

Strong points:

- TMs have been carefully selected from a few available candidates;
- academic degree
- the benevolence to qualify themselves through training;
- on-the-job knowledge, understanding and experience acquired in a variety of disciplines, and
- sufficient provisions in the program to give the team complete ownership for the remaining time.

Weak points:

- the TMs have not been recruited from a core of technocrats in the field of local government and project management, due to the lack of local government and absence of specialized experts in Suriname;
- the TMs have no experience in other projects;
- the necessary training did not take place as required by the project documents;
- working in clusters in a team must still be started, and
- the project team is not yet complete; a civil engineer must still be recruited for the function of CW (Civil Works) Task Manager.

Benchmark:

- working within the framework of a project not only puts high demands on expertise, but also - among other things - on the team skills, the communicative skills, the organization ability, the motivation and the immunization to stress of all the persons involved.

- complete command of the project view, project documents, the toolbox and the legal regulations, and
- complete ownership.

Conclusion:

- 1. Prevent failures and risks by avoiding mistakes as made in the past;**
- 2. Sharing the 'unique vision' as the DLGP project vision is a conditio sine qua non;**
- 3. Knowledge of all relevant tools of project management and training in the management techniques, local government affairs, etc. can not be neglected anymore on the way to professional performance;**
- 4. Full ownership of the program and affinity for local government are a demand;**
- 5. The 50/50% result of DLGP test is a signal for "hard work".**