

International Development Research Centre
MANUSCRIPT REPORTS

**Financial and Administrative Problems
as Perceived by IDRC-Assisted
Research Projects in Asia**

June 1982



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FINANCIAL AND ADMINISTRATIVE PROBLEMS
AS PERCEIVED BY
IDRC-ASSISTED RESEARCH PROJECTS IN ASIA

A report of the DEVFIAD Workshops
held in Singapore
8 - 10 July and 13 - 15 July 1981

JUNE 1982

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FOREWORD

The mandate of IDRC is to assist developing country researchers to successfully attain the objectives of their research projects. During the operational stage of any research endeavour, problems are to be expected and, whenever possible, IDRC staff help grant recipients resolve these project-specific difficulties. The problems vary, but increasingly many pertain to specific aspects of finance and administration as evidenced in the course of both our dealings with recipient personnel, as well as during monitoring visits by IDRC staff. To determine the type and extent of specific finance and administration problems in Asia and, most importantly, to formulate workable solutions to these problems, the Office of the Comptroller General and Treasurer supported a specific project entitled "Development of Finance and Administrative Capabilities of IDRC-Assisted Institutions" (DEVFIAD).

One component of the DEVFIAD project involved the organization of workshops involving IDRC project personnel in Asia. The purpose here was to allow IDRC the benefit of feedback on the experiences faced by research projects funded by IDRC. A Filipino consultant, Dr. Jessica Calfoforo-Salas was commissioned to prepare a report, based on these workshops, that would incorporate the major findings and a synthesis of the discussions, proposals, and suggestions of these meetings. We are thankful for her assistance on these workshops and on the other phases of the DEVFIAD project.

The workshops benefited greatly from the participants' free and active interchange of institutional and country experiences and views. The underlying importance of "partnership-in-research" for both project coordinators and finance officers was

greatly emphasized in both workshops. Moreover, the dynamic participation of IDRC's Program, Treasury, and Communications staff in its Asia Regional Office in Singapore demonstrated the exceptional thrust of the partnership-in-research theme within IDRC itself.

The various problems and solutions discussed during the workshops will need to be carefully examined by IDRC host institutions, particularly government bodies and project staff themselves to determine the merits and practicability of changing applicable project policies and procedures, especially where such policies and procedures obviously lead to internal problems on the part of our grant recipients. While the workshop observations are necessarily from the perspective of the individual projects within different research institutions and countries, the Centre must adopt an overall perspective to highlight any broad underlying trends as a result of such observations.

A number of the proposals and suggestions reflect unfortunate misunderstandings of IDRC policies, mainly as a result of the different applications of such policies by the Centre's Program Divisions. This incorrect recipient perspective of IDRC should be of concern to the Centre. Consequently, this workshop report will represent a working document for internal discussion purposes. On a "team" basis, its contents will be reviewed by both IDRC Program, Finance, and Administrative Divisions to determine the extent of any IDRC policy changes.

I highly commend this publication as recommended reading for IDRC personnel involved in project development and monitoring, since it provides firsthand knowledge of the concerns of project

personnel funded by IDRC in Asia. It is our hope that readers of this report will find the time to reflect on the suggestions and proposals included here and perhaps allow them to influence their own present mode of project administration. None of us should lose sight of the fact that our ultimate mutual objective should be to strengthen research management capabilities and thus increase the probability of successful research activities. Research is a unique activity that demands cooperation and attention from many sectors if it is to be successful; IDRC itself is subject to the same demands.

Raymond J. Audet
Comptroller General and Treasurer

INTRODUCTION

The Development of Finance and Administrative Capabilities of IDRC-Assisted Institutions (DEVFIAD) was a project undertaken by the Office of the Comptroller General and Treasurer of the International Development Research Centre (IDRC). The major objective was to develop a process by which IDRC, recipient institutions, researchers, and finance and administrative personnel may all work together to effectively achieve the objectives of IDRC-supported research projects.

DEVFIAD resulted from an internal evaluation of data acquired during project visits made by both IDRC Program and Treasury staff that indicated that a host of problems are encountered by recipients of IDRC research funds. The ground work for DEVFIAD was laid in Singapore in 1979 when finance officers from Asian institutions receiving IDRC funds met to air their problems and concerns. At this meeting, the participants highlighted the need for increased cooperation between finance and project personnel.

As part of the DEVFIAD project, two workshops were organized in Singapore to identify the administrative and financial problems of IDRC-assisted projects in Asia and determine if donor agencies could provide assistance in the development and improvement of the financial and administrative systems of the recipient institutions. The possible collaboration of IDRC and national government agencies to assist research institutions to implement solutions to specific problems was also to be explored. Furthermore, because it was anticipated that some problems would revolve around financial recording and reporting, a proposed research project accounting kit was prepared for evaluation by the workshop participants.

These two DEVFIAD workshops were held in Singapore and were attended by a total of 45 participants representing nine countries — Bangladesh, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, and Thailand. Program officers and treasury staff from IDRC's Asia Regional Office and the IDRC Comptroller General and Treasurer participated actively during the workshops.

The workshops consisted mainly of small groups composed of both finance and research officers, a chairman, and a rapporteur. These groups had a balanced number of researchers and finance officers and care was taken that no two participants from the same institution were in the same group. This approach was selected to increase the interaction between the finance and administrative officers and the researchers. Throughout the discussions, these parties listened to each others problems with empathy and understanding. The suggestions that were made underlined the desire of both parties to make research as efficient and effective as possible.

In addition, a joint session was held to discuss the project accounting kit. Reactions, evaluations, and suggestions from the participants were gathered for the improvement of the kit. The workshops ended with a plenary session where the reports from the various groups were presented, discussed, and adopted. The problems discussed by the participants and the alternative proposals highlighted are found in the body of this report.

ORGANIZATIONAL COORDINATION AND COMMUNICATIONS

Research management involves the coordination of appropriate human and economic resources to achieve the stated objectives of a specific research endeavour. The activities necessary to achieve this coordination are varied, yet complementary. Persons who can perform these specific activities skillfully must have years of training and study. The task of orchestrating the various activities to attain the objectives of the project is usually the job of the research administrator or research manager. The DEVFIAD workshops indicated that all the research administrators in IDRC-assisted projects in Asia are scientists, or researchers. Some make good research administrators; some struggle.

Orchestrating the efforts of different persons in different fields is not an easy task. Scientists, technicians, finance and administrative personnel all experience some difficulty as they work together in a research project. Discussions, reports, and statements during the DEVFIAD workshops made this clear:

"The institution's financial management control is often misinterpreted by project staff as undue interference in project operations."

"There is the problem of misinterpretation and misunderstanding of some activities of the research Project by the finance staff because they are not directly involved in these activities."

"The scientists should also be more cooperative so that reports can be submitted on time and funds set for the next phase will be available."

The absence of communication between the project staff and the financial administrators only causes hardships to both groups and slows the progress of the project. The technical staff members, unaware of the rules and regulations for proper financial management, often confuse matters for the finance section and make financial reporting a difficult task. Similarly, unsympathetic accounting personnel sometimes fail to understand the needs of the technical staff.

Within and Among Institutions and Government Agencies

Coordination and communications are the key in keeping any research project moving toward its goal. In addition to the importance of coordinating activities within a research project, such a project must be recognized as part of a larger system and it must establish links with other groups within this system. The DEVFIAD workshops identified such groups as being: (1) other departments within the host organization; (2) institutions related to the host institution; and (3) donor institutions.

The group discussions highlighted perceived problems resulting from:

Waste of time and effort leading to bureaucratic practices within an institution. Highlighted were the tedious processes of passing project clearance to other agencies and ministries, whose procedures were usually considered "formalities," but which meant 4-6 months were required before project approval can be obtained.

The time-lag between project formulation and project approval also can affect the efficiency of research. By the time the project proposal is approved, conditions may have already changed. This delay affects the budget because estimated figures may have become unrealistic due to inflation and other considerations.

Lack of attention to project cash management often leads to logistical problems involving lack of adequate cash on hand, and delays in the purchase of research supplies and other expenses.

Proposals

The workshop participant discussions highlighted a number of suggestions and proposals:

- 1. Implementation of a series of national seminars involving administrators and project leaders from different institutions within a particular country as well as representatives from government agencies and other institutions whose activities directly affect research projects. In this way each party could appreciate the position of the other and perhaps lead to solutions to any real, or imaginary problems (those that are a result of the lack of knowledge of proper institutional/governmental procedures).*
- 2. It was suggested that recipient institutions attempt to build up their own expertise in procuring project equipment, including awareness of governmental procedures which would allow the effective and efficient ability to import such goods. Where absolutely necessary, IDRC could continue to facilitate this activity, especially if the equipment is not locally available or is available but would be expensive and difficult to*

obtain because of institutional or governmental constraints or time delays. The various alternatives should be clarified and agreed upon during the project development stage.

3. The increased use of a team approach to research was highlighted - in other words, scientists and finance officers from both the donor and the recipient must work as a team to study the research proposals so that the financial needs can be anticipated and release of funds be properly timed. A second alternative would entail specific training on the different aspects of research management, particularly the financial and administrative aspects, assuming an appropriate training institute or course can be identified.

Both alternatives have pros and cons that must be considered. The team approach has the advantage of specialization. IDRC program officers and project leaders concentrate on the technical aspect, while finance officers concentrate on financial aspects of the project. IDRC coordination would also be enhanced by this approach, even though it could increase the demands on IDRC Program and Treasury personnel. The second approach has the advantage of seeing research management as a system that involves the integration of the technical or operation aspects of research with administrative and financial aspects. The handicap of this approach is that it will take time and resources to properly train program and project officers.

Between IDRC and Recipient Institution

Indications were that there was a general lack of knowledge of IDRC's project budgeting and accounting requirements as well as the Centre's organizational structure. This, in turn, contributed to abnormal delays in releasing grant payments and, as a result, a research project could suffer. Several reports also mentioned that there is a lack of understanding of IDRC's project evaluation procedures.

Proposals

The suggested actions to address these phenomena included the following:

- 1. Taking into consideration the principle of cost effectiveness, IDRC or the "host" institution should organize orientation meetings to be attended by both program and accounting personnel of both IDRC and the recipient institution before project activities actually occur. At this stage, the project work plan could be very clearly defined and various agreements reflected in the IDRC formal Memorandum of Grant Conditions. A "team approach" would then be initiated so that the project coordinator and the finance officer of the recipient institution are involved in the early stages of project formulation and especially in the drafting of the budget. IDRC should also consider requiring the budget of the project proposal to be approved by the institute's finance officer. This approach would enable research scientists to spend more time on research and less on financial and administrative details, which can be undertaken by the finance or administrative officers.*

2. IDRC should consider preparing a brochure to help project leaders and finance staff better appreciate and understand the expected research and related financial and administrative concepts to be fulfilled as part of the research proposal being submitted to IDRC.
3. Project conferences or seminars should be held frequently and periodic visits to a research project should be made by IDRC's finance representatives.

STAFFING OF RESEARCH PROJECTS

One function of research management involves manning the research organization structure through effective recruitment, development, and appraisal of personnel. The organizational structure of a research project or a research institute consists of positions and lines of authority and responsibility needed to perform certain functions necessary for the attainment of project/institute objectives. Obviously, structure alone cannot deliver the objectives. Properly motivated people are needed to perform their roles within the structure. Effectiveness should be the result of proper organization design and resource administration, particularly human resources. A lack of competent staff members, both to support research work and to handle the financial management of research projects was identified as a big problem faced by DEVFIAD participants.

A typical example of the problems being faced by IDRC projects in Asia include a situation where an IDRC Division has implemented a procedure whereby it will fund only additional full-time personnel; but, in most cases, professionals can only work part-time on the project. The employment of part-time workers, in itself, poses a problem. Gathering data from the field and developing "packages" based on identified data requires full attention and yet the project staff can only do these on the side, for they have regular commitments to their home institutions.

For financial staff, comments were made that institutes and research projects often carry staff who lack the competence to discharge their finance and administrative responsibilities; there is a perceived need for information and training to increase capacity to administer research project financial issues. This lack of qualified financial personnel is felt not only in recording

and research project costing but also in the need for financial personnel to help monitor the financial status of projects. Without such capabilities research scientists themselves will need to spend time checking, recording, and disbursing funds and preparing financial reports for the project.

Recruitment of Project Personnel

The recruitment of personnel for a research project can be difficult and time consuming because qualified people find working in short-term research projects unattractive. This often leads to delays in the commencement of research projects. To compound the problem of a dearth of qualified staff for individual research projects, the recruitment policies and procedures adopted by research institutions are usually somewhat rigid. The problem is magnified where one research institute is responsible for coordinating research components undertaken on a regional or even provincial basis; staffing decisions are usually beyond the mandate of such a coordinating institute.

Salary and Allowance Levels

Salary levels pose a difficulty in staffing research projects, at least in Asia. Projects like those funded by IDRC have difficulty competing with research projects in the private sector (especially industrial research) for the services of highly qualified personnel because of the higher salaries offered by these profit-making establishments.

Another problem arises from the fact the IDRC supported projects have to be sponsored by a "host" institution. This does sometimes lead to opposing and conflicting policies

between IDRC and the "host" institution. For example, project staff members already employed by the institution could be assigned to the IDRC project. This project assignment is usually in addition to their regular work load in the institution, but no salary increase is offered for this additional work.

Allowances and per diems for local and foreign travel were reported as unrealistic by most participants. The travelling worker usually must spend his own money for basic necessities of travel.

Proposals

Most of the following suggestions reflect methods that other institutions have used to cope with some of these personnel issues. It remains for the participants to determine how to adopt these possible solutions within their particular research institutions.

- 1. Because of the existence of differences in implementation between the various IDRC Program Divisions, confusion exists concerning the funding of research personnel. In general, most researchers could be recruited and provided for in a project budget. These researchers could be part-time lecturers. Graduate students might also be recruited and consideration given to allow research credit for working on an IDRC project. More consideration should be given to allow qualified part-time workers to be used to fill research positions. While part-time work is not ideal, sometimes it remains a better alternative than unqualified full-time workers.*

2. As much as possible, regular employees of the host institution should be relieved of their duties so that they could devote themselves freely to an assigned research project. Upon termination of the project, the personnel could then return to their positions or be guaranteed positions in the host institution.
3. Research institutes should consider establishing a pool of scientists or technicians from which short-term research assignments could be drawn, whether for IDRC or other donor agencies.
4. Efforts should be made to include full-time project finance positions as part of the budget of a project proposal, or an allowance made to contract financial accounting services.
5. Consideration should be given to providing a salary supplement to the regular salary from the host institution for full-time or regular personnel. IDRC should consider providing funds in a project budget for incentives such as special allowances or other fringe benefits not usually available to the institute staff (as a project contribution to the worker's overall compensation). It was suggested that IDRC entertain such a proposal only under the following conditions:
 - (a) that the rules and regulations of the participating government or the host institution itself are not violated;
 - (b) that IDRC is informed of such an internal policy of the host institution at the project-planning stage;

- (c) *that a premium be given workers involved in short-term projects. If a government pay scale must be followed, upgrading within the scale should be done if possible.*
- 6. *To avoid recruitment delaying a research project, it was suggested that sufficient lead times or time contingencies be provided for during the project-planning stage. IDRC should consider a separate time-table for hiring staff among the terms of the agreement between IDRC and the recipient institution up to and including a negotiated date of project commencement. The present IDRC practice, unless otherwise stated, assumes the commencement date of the project is the date of the signing of the Memorandum of Grant Conditions by the recipient institution.*
- 7. *Concerning the need for training and development, IDRC should consider offering local PhD scholarships to be followed by PDF (postdoctoral fellowship) grants abroad; IDRC should still consider supporting PDF grants to holders of PhD's who have studied abroad, if specialized training is required by the project. IDRC should also plan a comprehensive training and development program for the staff of recipient institutions, and identify appropriate training centres.*

BUDGETING FOR RESEARCH PROJECTS

A well defined project budget is one of the key management tools available to a project leader. The budget is commonly referred to as that portion of the project proposal that translates the scientific program activities into quantitative or monetary terms. In reality, it is a great deal more than this. While a budget is commonly known as a tool for planning, it can also be used to communicate plans, motivate project leaders, and evaluate the project's performance. The usefulness of the budget to research management, however, meets with difficulties in practice. Perhaps this is so because of lack of appreciation of budgeting as a management tool and lack of knowledge of how to use it. The workshops revealed a wide range of possible problems with the financial administration of research projects.

1. There is a lack of budgeting skill in some institutes and improvements are needed in the systems of budgetary control. Budgeting should not be the work of one person but the result of coordinated activity; however, often the budget for an IDRC-funded project is usually prepared by only one person and then becomes part of the project proposal. Often, the finance staff is not even consulted.
2. Finance staff of a recipient institution are often not sure where to record specific costs among budget headings. In addition, when these headings are reported to IDRC, they are often interpreted differently by IDRC itself.
3. A frequent comment was that inflation, changes in economic situations and operational activities often render a research project budget inoperative. In the time between proposition and disposition, many situations may have changed and costs may have fluctuated.

4. Workshop comments indicated IDRC procedures and requirements appear much more stringent and inflexible than other donors.
5. A participant group reported that there appear to be various misunderstandings among recipient institutions about the treatment of unspent budget balances in one item being used for expenditures under another budget heading.
6. From comments made it appears that in some circumstances the expectations of an IDRC Program Division and a recipient institution regarding research activities were different, although the predetermined objectives were the same. An appeal was made to allow such consideration since this type of situation can and does arise in research and it is something that should be considered sympathetically by donor agencies.

Proposals

For most of the preceding perceived problem areas the group discussions also highlighted a number of suggested courses of action to be considered by IDRC:

1. *Respecting the recording of budget expenditures, good budgeting practice requires that, before amounts are estimated for a budget item or sub-item, the item should have been carefully defined, and its definition made clear to and agreed upon by the users of the budget - both recipient and donor.*

2. Regarding external uncontrollable factors, unforeseen events are really the very reasons that a budget is prepared. A budget is both a planning tool and an operational tool. It can help direct daily research expenditures to ensure that available funds are effectively used so that the research activities can continue smoothly. Budgeted figures are estimates and, although all efforts are made to keep actual expenditures within budgeted amounts, it should be recognized that often this cannot be done. It is at this point that the budget should have a vital role in showing the research project administrator: (1) the possible impact to the whole project of the observed or expected variances; (2) what areas may require modification in activities; and (3) how resources may be profitably shifted. In other words, the budget review should be accompanied by a review of planned research activities so that budgeting allocations or courses of action can be reconsidered to protect the whole research project.

Because actual research expenditures may not follow the original estimates, revision becomes an inevitable step in the budgeting process. It is for this reason that a constant review of and referrals to the budget and periodic submission of financial reports and estimates for the following period are necessary. These interim reports identify problem areas. Large discrepancies between budget and actual expenditures can be found and alternative courses of action can be planned jointly by IDRC and the grant recipient. The periodic reports therefore serve as a basis for revision of the original budget estimates.

3. *It appears necessary for IDRC to clarify its policies about project budgeting by explaining in detail its research budgeting procedures and that IDRC allows recipients to transfer 15% of the funds from one line item of the budget to another without the need for prior IDRC concurrence, provided that no overall budget overrun is incurred.*
4. *One group recommendation requested that IDRC allow freedom in the allocation of the research grant after a thorough analysis of the budgeting estimates. This approach implies that IDRC would approve a total lump sum grant for the project and allow recipients to alter budget line items so long as the approved total grant was not exceeded. It was pointed out that other donors were following this practice, and a financial report was required only at the end of the period of the grant.*
5. *With respect to the treatment of overexpenditures, it was suggested IDRC consider building contingency amounts into the estimate for each group of project research expenses directly, or a separate section in the project budget may provide for general contingencies. Further still, a general contingency fund could be provided by IDRC to cover contingencies in all projects.*
6. *It was suggested that IDRC Divisions be flexible in interpreting their mandates and be prepared to go beyond the research framework where the circumstances of a project justifies such flexibility; this change in methodology should be allowed so long as the objectives are not affected.*

FINANCIAL RECORDING AND REPORTING

A research project has objectives and a strategy on how to reach these objectives. From these strategies and activities financial plans are prepared to ensure that the objectives of the research are attained. The progress of research projects can be monitored by maintaining an accurate record of events and financial transactions. At the end of a specified period, records need to be summarized and presented as financial and technical reports in order to monitor the progress of the project. Careful maintenance of records of financial transactions and regular reporting were considered matters of great concern among the participants of the DEVFIAD workshops.

Receipt and spending of funds go hand-in-hand in the implementation of research plans. Good administrative practices demand that funds be monitored, accounted for, and reported so that information is available for directing, controlling and evaluating research activities. This information is also necessary for the planning and formulation of future projects.

The responsibility of financial reporting and recording is less of a burden to the project administrator if it is seen in the light of a necessity rather than a requirement and if the financial information obtained is actually used in running the project. It thus becomes indispensable to the project administrator in pursuing the objectives of the project.

In spite of this understanding and the maintenance of an open attitude, however, the reality is that delays usually develop in the procedure of recording and reporting of financial transactions.

The DEVFIAD workshops revealed a need for some form of recording and reporting mechanism that need not be a formal part of the central accounting system of an IDRC-grant recipient institution. The workshops also showed that problems in recording and reporting arise from two basic organization structures:

1. When the project accounting is a part of a larger, centralized, accounting system of the institution; and
2. When the project accounting is undertaken by project staff themselves. In this case, the project may be a part of a larger institution or a separate entity in itself, such as a regional project.

In the first case, a recording and reporting kit could be used for financial monitoring by the project leader and for interim reports to IDRC and other agencies. This facility is especially needed when delays are experienced because of a central accounting system. Even if the central accounting system is quite efficient in keeping records, the project leader will still need a mechanism with which to see the status of the research budget whenever a major project decision is to be made. Comparing the budgeted and the actual costs would also be necessary at the end of an activity that involved heavy spending, especially if costs have increased generally or original planned activity has changed. In this case, the accounting kit would function as an information network. In the second case, the accounting kit would serve both the information-gathering as well as the accounting or record-keeping functions. The basic difference between the two cases lies in the objectives, which are timeliness for the former and accuracy for the latter.

Recording

Several project leaders reported that their training and background and experience with financial matters did not prepare them for the responsibility of recording expenses and preparing periodic financial statements. These, to them, were problems added on top of the responsibility for the technical aspect of research work. Unfortunately, in some small projects, or in research substations or project components, it is not feasible to obtain a bookkeeper or a finance person to handle bookkeeping, and the administrator of the project has to contend with the difficulty. It was observed that the problems of non-coordination between researchers and finance groups came from the organization structure where project accounting is done by the centralized system of the institution. In the second type of organization, where project accounting is done by project staff themselves, most of the problems are in the recording and reporting areas. This is because the project administrator who is a researcher/scientist is not able to recruit a reliable and competent person to handle accounting.

Proposal

In response to these experiences, the group discussion requested that the accounting kit presented during the DEVFIAD workshop should be examined to see if it could be used where inadequate financial systems exist. Moreover, the accounting kit should also be examined to see if it could be adapted to existing systems to simplify project accounting and the preparation of financial reports to IDRC and other concerned parties.

Reporting

The primary purpose of a financial report, as a management tool, is to give information about the ongoing research activities, so that the progress of the project can be judged. A financial report, therefore, reflects the activities undertaken in the research project in measurable terms. A report during the plenary session declared that the timing of IDRC reporting is not always synchronized with the recipient's financial year, and this off-season request for financial statements causes difficulties for the recipient's accounting sections.

In the present IDRC policy, reports and release of funds follow each other in an agreed-upon schedule. Funds are released when the necessary reports are received by IDRC. When this schedule is not consistent with the project's activities, fund availability will be affected. There were times when IDRC recipients had to resort to borrowing (and paying interest) when the IDRC funds were not yet available. In certain cases where the rhythm will be upset by foreseeable circumstances, a closer dialogue would be necessary, even at the start of the project so that remedial measures can be incorporated in the research budget.

Report Requirements

A common complaint regarding project reporting to IDRC was ignorance or misinterpretation of IDRC requirements for financial reports. There was also some misunderstanding about the meaning IDRC attached to "progress reports" and "technical reports". Several institutions found IDRC financial reporting requirements more stringent than those of other donor agencies — especially, the semi-annual financial report and the quarterly cash requirement report. Furthermore, the IDRC format for classification of

expenses is more detailed than those used by other donors; some of the terms used were found to be ambiguous, with the result that there was need for constant reference to project coordination.

Another problem in reporting is experienced by regional projects that involve several nations. The difficulty here is obtaining a common foreign-exchange factor for the expenditures in different countries.

Proposals

It should be clarified here that the preceding are examples of misinterpretation of IDRC reporting requirements. IDRC tries to ensure that project accounting reports are based on budget headings normally used in the recipient institution's day-to-day operations. This example does indicate the results when budget headings are developed by project leaders and IDRC Program Officers without the assistance of their respective finance officers.

One major recommendation was made in this regard by the workshop participants suggesting IDRC should issue additional guidelines for what it requires in terms of financial reporting. IDRC policies should continue to accept the host institution's financial recording system and headings whenever possible. Therefore, the financial officers of projects need only be knowledgeable in their home institution's financial recording system and headings, which should be used directly in the preparation of research budgets and project reports.

With respect to regional projects, a conversion guideline should be issued by IDRC so that, when the report is verified by IDRC, little time will be used for unnecessary questions and clarifications. In addition, comparison between budgeted and actual figures would be facilitated with the aid of specific guidelines.

Delays in Reporting

Several factors were outlined which often lead to reporting delays to IDRC:

1. Auditing and other accounting procedures of the host institution often need to be met before a project report can be released to IDRC. This is beyond the control of the project leader who must wait for the audited report and the subsequent release of IDRC funds for his project.
2. Late reports due to distance from substations or project centres in different countries can delay the total project report to IDRC. This usually occurs where IDRC has sponsored network research projects necessitating the cooperation of several institutions and governments.
3. Misunderstanding of the term used in IDRC grant conditions " ... deadline for the report".
4. Discrepancies between the expense categories used in the official project budget and those used by the financial records of the recipient institution.

Proposals

Several recommendations were offered to IDRC by the workshop participants:

1. IDRC should consider accepting tentative reports as the basis for releasing funds for the next phase of the research work. The formal audited report should be allowed to be submitted later.

2. The "accounting kit" could be used by project leaders to draw up a financial report acceptable to IDRC before the central accounting system of the institution furnishes its "official" project report.
3. In the case of intercountry or interinstitution reports on a project, one of whose member units has not submitted a report and for whom further delays would impair the activities of prompt members, the recipient institution should be allowed to give an interim or partial report and explain the circumstances. IDRC could then consider releasing funds, even a partial amount, for the use of other member institutions.
4. A position for a financial officer or clerk to take charge of financial monitoring should be funded by IDRC as part of the project budget.
5. A short course on research management for both project leaders and finance officers on the national level should be planned as needed.

UTILIZATION OF RESEARCH RESULTS

As one participant put it, "Research results, just like other commodities, have to be marketed. For all the money spent for its making, it cannot be allowed to stay unused in the pages and volumes of reports."

IDRC-supported research, rather than being an academic exercise, must have relevance and be applied to the needs of developing countries. It is on this premise that the DEVFIAD workshops introduced the area of utilization of research results among the administrative aspects of research management. The plenary session discussion indicated that there is linkage between research institutes and the probable users of project outputs, resulting in a "supply push" condition. The more desirable approach in funding projects should be "demand pull" meaning that funds are made available to a particular project because of the demand for the research output of that project. This is one of the reasons why IDRC requires governmental approval of project requests — it is an indication of the "demand" for the research results.

Examples of the comments made include:

"Translating the research findings into action is the weakest point in the research process of my country; the communication line in technology transfer is not as efficient as it should be. This is mainly due to lack of capable personnel to translate the findings into acceptable public language, ... to feed back the public reaction to the researcher, and ... to prioritize relevant research topics".

"IDRC-supported projects are aimed at benefitting a major cross section of people, mostly those at the subsistence level. However, subsistence farmers usually need outside support before they can appreciate and use technological innovation developed by research. Government support, however, does not come in time to effectively transfer research results into actual farm practice."

Proposals

The DEVFIAD participants identified a number of probable initial courses of action to address this topic. Further study would be required prior to adoption of any specific course of action, either by a grant recipient of IDRC itself.

- 1. Research project leaders should obtain initial reactions from probable consumers of research results before developing a specific research concept.*
- 2. IDRC should consider supporting proposals for effective transfer to end-users of selected technologies developed in its projects by means of supplementary grants, if there is sufficient justification for such support.*
- 3. IDRC should consider sending qualified researchers or extension workers for training to familiarize them with new research findings. These persons should be chosen for their capability to modify methodology to suit local conditions, so that they can pave the way for effective dissemination of research results.*

4. *It was also suggested that IDRC should consider funding research support programs. This could be done in a number of ways:*
 - (a) *a buy-back or no-loss guarantee for the quick adoption of technology which IDRC has helped develop,*
 - (b) *promoting the dissemination of research information in local mass media,*
 - (c) *organizing verification trials on a large scale.*
5. *As a language problem could impede dissemination of research information to the public, research results should be published in the national language of the participating country.*
6. *Another approach to effective utilization of research results is for IDRC to create a body or centre to facilitate the utilization of results of scientific studies. Project leaders have expressed their limited capacity to go into research extension work because of the multi-disciplinary approach it demands. The economic feasibility and social acceptability of the effort necessary to put research results into use is usually beyond the scope of work expected of a research scientist. A centre for the utilization of scientific knowledge could coordinate resources found in an institution to help research extension work, especially on behalf of those who are ready to use such results but do not have the means.*

PRIORITIES FOR THE FUTURE

The purpose of the DEVFIAD workshops was to discuss common problems related to the operation of research projects in Asia funded by IDRC. This is not to say all such projects have experienced the extent of problems as discussed during the workshop; nevertheless to the extent IDRC grant recipients have raised certain aspects, it behooves IDRC to assess its own policies and procedures to determine where appropriate changes may be adopted.

The internal IDRC review of these DEVFIAD highlights will be the basis of concerted efforts in the near future to effect any necessary changes to IDRC policies and/or procedures. The Centre has always prided itself on its responsiveness to Third World research needs; these highlights represent an additional facet of such needs, one which represents a challenge to IDRC and its staff.

The problem of coordination stems from the need for IDRC project staff and institutions to relate effectively to each other. That the relationship of authority and responsibility and paths of communication can be enhanced or hampered by organizations was revealed by the workshop discussions. Strengthening or restructuring organizational communications is an issue which should be recognized by both research institutions and IDRC.

Ample attention must be given to the clarification of lines of communication between technical/science and administrative/finance personnel within the project, between the recipient institutions and IDRC, and among cooperating agencies of the country's government.

Research institutions need to assess their own organizations in recognition of the effects of weak internal communications. Where necessary, organizational relations should be reviewed to create channels or centres of communication to facilitate the coordination of research efforts.

National seminars or conferences, as suggested several times during the workshops, may bridge communication between recipient institutions, government agencies, and IDRC, so that research and its problems can be given attention and priority in a particular country.

The publication and dissemination of written guidelines regarding IDRC policies, budgeting, recording, and reporting, and other pertinent information for research projects would help address the present problems of misinformation and misinterpretation. A suitable recording and reporting kit may be considered a part of this publication since, where applicable, it could provide a method of improving a project's recording and information system; the kit is meant to be adjusted to suit individual project/institute needs.

Certain topics in the Centre's Memorandum of Grant Conditions should be reviewed in light of the problems and recommendations expressed by the recipients in the DEVFIAD workshops. Special attention should be given to such provisions as salaries, date of commencement of the project, frequency of reports, budget, schedule of payments, and project timetables.

The skill of administering research projects must be developed and updated to ensure efficient achievement of research objectives. Research management skills can be improved in a number of ways — by seminars, training programs, publications of pertinent brochures, or newsletters.

The effectiveness of research is reflected in the usefulness of its research results. Institutions, government agencies, and IDRC should review their respective policies and institutional philosophies with regard to the utilization of research results. Attention should be given to the concepts of "supply push" and "demand pull" in allocating financial resources for the support of individual research projects.

A P P E N D I C E S

I. STANDARD PROJECT ACCOUNTING KIT

Subsequent to the DEVFIAD Project discussions, IDRC commissioned the refinement of alternative recording and reporting forms from which IDRC-assisted projects may choose to fit the conditions present in their project. The revised report and columnar forms are discussed in the following sections.

Report Form

The Report Form of the accounting kit was presented during the DEVFIAD workshops and has been modified as the result of subsequent field testing. It consists of a Monthly Financial Summary, and the Financial Report. The instructions on how to fill out the form are given on the form itself. Although the alternative forms are basically the same, the report form has several alternative designs that may be used depending on the need of a particular project.

The forms differ only in the amount of space provided to allow for the difference in the volume of transactions and for the difference in the method of filing. The report form is most useful to small projects because of its conciseness.

Columnar Form

An alternative approach, the Columnar Form of the accounting kit has been discussed only by IDRC staff and was not presented during the DEVFIAD workshops, but is included here for the benefit of the reader. The Columnar Form consists of a cash record and a classification of expenses by columns.

The cash record contains a record of all cash receipts and cash payments. Columns are provided for the classification of expenditures. Each expenditure column may consist of a portion for budget balance. The financial report can be prepared by taking the total actual amount paid for each type of expenditure. Since the classification of expenditure follows the budget item titles, comparison between the actual and budgeted amounts is facilitated.

The supplementary records are separate summaries for voluminous transactions; information from which is necessary for financial control. These records may or may not be used depending on need.

The record of unpaid bills is needed to keep track of project payables and obligations. The record of advances and liquidation is needed to control and follow-up advances to personnel. The equipment record helps to summarize the types and costs of equipment owned by the project. The inventory record is necessary to keep track of valuable research supplies.

[illegible]

INSTRUCTIONS

Reports on cash position (Sections A, B, C, and D) should be completed at the end of each month. Sections E and F are used for recording the details of the transactions and should be filled in at the time of the transaction. For Section C, the Item's Budget Heading and Item Number (e.g. F-1, F-2, etc.) should correspond with those reported in Section F. Documents supporting the transactions should be grouped by budget headings and filed in the order that the budget headings appear in Section F. Extra copies of Section F are provided for use when there are more than three budget headings. Alternative forms (A and B) are also provided for Section F. These can be used when extra space is required for recording transactions.

Special Transactions

1. Some expenses may have to be paid out of an advanced amount. Expenses involving small amounts can be taken from a petty cash fund, which is considered as an advance payment to an assigned custodian. Advances that are issued and liquidated should be reported in Section E. Upon liquidation, expenditures should be classified according to the items' budget heading and reported in Section F. But, they should not be transferred to Section C (Payments).
2. Payments of expenditures from funds from other donors need not be reported. If a payment is shared with another donor, only the amount chargeable to IDRC should be reported.
3. The Ending Cash Balance, which appears in Section D, should be reconciled with the amount of cash in the bank. Additions to, and deductions from, the cash account that are made by the bank (e.g. interest income, service charges) should be reported in Section B (Receipts) and Section C (Payments), respectively. The details of these entries should appear in the appropriate place in Section F. The process of reconciliation must consider outstanding checks (i.e. checks issued but not yet presented to the bank for payment).

E - ADVANCES

E - 1		ADVANCES ISSUED			
DATE	CHECK NO.	NAME	PURPOSE	AMOUNT	
TOTAL →					

E - 2		ADVANCES LIQUIDATED			ITEM NO. SHOULD CORRESPOND WITH THOSE AT SECTION F					
DATE LIQUIDATED	DATE ISSUED	TO - PURPOSE	ITEM NO.	AMOUNT						
				ADVANCED		RETURNED *		USED **		

* TO BE REPORTED IN SECTION B - RECEIPTS.
 ** TO BE REPORTED IN SECTION F UNDER THE ITEM INDICATED.

F. DETAILS OF EXPENDITURES

TRANSFER SUB-TOTAL FOR DIRECT EXPENSE TO SECTION C

PAGE 3

F-	ITEM'S BUDGET HEADING			DETAILS	AMOUNT
		DATE	CHECK NO.		
	A. DIRECT EXPENSE				
					TRANSFER THIS SUB-TOTAL TO SECTION C →
	B. LIQUIDATION OF ADVANCE (TRANSFERRED FROM E-2)				
					SUB-TOTAL →
				ITEM TOTAL	
	A. DIRECT EXPENSE				
					TRANSFER THIS SUB-TOTAL TO SECTION C →
	B. LIQUIDATION OF ADVANCE (TRANSFERRED FROM E-2)				
					SUB-TOTAL →
				ITEM TOTAL	
	A. DIRECT EXPENSE				
					TRANSFER THIS SUB-TOTAL TO SECTION C →
	B. LIQUIDATION OF ADVANCE (TRANSFERRED FROM E-2)				
					SUB-TOTAL →
				ITEM TOTAL	

USE ADDITIONAL SHEETS WHEN NECESSARY

COLUMNAR FORM

[illegible]

[illegible]

PROJECT COORDINATOR

INSTRUCTIONS

WHEN TO PREPARE

This financial report should be sent to IDRC at the time specified in the Memorandum of Grant Conditions. The project coordinator, however, may find it useful for good financial management to complete this form more often (e.g. monthly).

HOW TO PREPARE

Column 1 - Enter the budget headings used in the budget portion of the Memorandum of Grant Conditions. These headings correspond to those found in Section F of the Monthly Financial Summary.

Column 2 - Enter the total expenditure for each budget item recorded in Section F. If the report is for twelve months, the amount that is entered should be the total expenditure on that budget item for the entire twelve-month period.

Column 3 - Convert into local currency the budgeted amount appearing in the Recipient-Administered Portion of the budget in the Memorandum of Grant Conditions. Enter this amount in Column 3 and indicate the year or period that is covered. The conversion rate that is used should be the exchange rate used in the original budget proposal.

Column 4 - Enter the difference between Columns 2 and 3.

Column 5 - Enter your estimate of the additional expenditures to be made during the next period or until the completion of the project.

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