baastel

Système d'enregistrement
et de gestion de la dette
(N° de projet : 380/17256)

**ÉVALUATION
EN COURS DE PROJET**

SOMMAIRE

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pour la Région Afrique de l'Ouest
Direction générale de l'Afrique et du Moyen-Orient
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SUMMARY

Introduction

Participants in the Evaluation:

This evaluation of the "Debt Recording and Management System" (CIDA N° 380/17256) was carried out between 25 April and 20 June, 1994, by "Le Group-conseil baastel ltée", a consulting company, who worked closely with the project leader at CIDA and the project staff at IDRC.

Purpose of the evaluation:

The evaluation was intended to examine the rationale, the effectiveness and the efficiency of work already performed on the first phase of the project (which is still in progress), with a view to possible extension of the project in a second phase.

Context

Development of CS-DRMS by TAG, with IDRC help:

In 1982, the Technical Assistance Group of the Commonwealth Secretariat (COMSEC) introduced a program for providing consulting services to help developing country members of the Commonwealth to manage their debts. In 1983, as part of this work, the TAG requested technical and financial support from IDRC to develop a software program, the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). This is a computerized database management system to help user countries record and manage their debt more effectively.

IDRC and CIDA interest in promotion of CS-DRMS:

The mandate of COMSEC does not allow the TAG to run debt recording and management projects ("DRMS projects") in countries that are not Commonwealth members. In 1989, IDRC expressed interest in helping to promote CS-DRMS in markets that COMSEC could not reach. In 1990, IDRC approached CIDA about a possible joint project that would allow non-Commonwealth countries to take advantage of the CS-DRMS. CIDA agreed to support promotion and distribution of the software in francophone countries of Sub-Saharan Africa. On June 28, 1991, CIDA and IDRC signed a contribution agreement to this effect.

Overview of the Project

Purpose and goal of the project:

As stated in CIDA's memorandum approving the project, the purpose of the project was to support the establishment of a legal, administrative and institutional framework for effective management of the external debt portfolio of the target countries. The specific goal of the project was to provide these countries with a debt management tool that would provide a comprehensive picture of all loans outstanding, whether guaranteed by the government or not.

Target countries:

The project approval memorandum and the contribution agreement specified that the project must target certain heavily indebted countries of francophone Africa, namely: Benin, Burundi, Comoros, Guinea, Madagascar, Mali, Mauritania, Niger, Togo and Zaire.

Output expected and achieved:

Expected output included: creation at CIDA of a support group for target country debt management; a survey of target country needs in debt recording and management; production of a French-language version of the CS-DRMS software; and introduction of the software in three francophone African countries, using the method developed by COMSEC. All of these outputs, except the last one, have been achieved.

Budget and timetable, as planned and revised:

Initially, it was expected that the project would take 36 months and be entirely managed by IDRC, with CIDA's role being limited to providing funding to IDRC and sub-contracting for monitoring services. The initial budget was set at $1,188,750, with $660,000 coming from CIDA and $528,750 from IDRC. As the project progressed, the budget was raised to $1,702,751 (an increase of $514,001), representing a total contribution of $788,483 from CIDA and $914,268 from IDRC. The project was also extended for six months, to the end of December 1994, since CIDA and IDRC are considering the possibility of pursuing the work as part of a second phase.

Rationale

Consistency with CIDA priorities:

The project fits CIDA's priorities in Africa, with respect to combatting poverty and encouraging structural reform within the context of regional integration. Thus it is considered important that the second phase of the project include setting up a regional centre for maintaining the CS-DRMS and providing training for users from the various countries.

Special nature of the project within IDRC's priorities:

Although it forms part of IDRC's institutional program, the project is rather different from the normal initiatives undertaken by the Centre, in that it has only a weak research component. IDRC appears to have become involved in the project not so much to help make CS-DRMS operational, but rather because there was no other Canadian institution equipped and willing to undertake the dissemination of CS-DRMS in non-Commonwealth developing countries.

Consistency with recipient country needs:

The CS-DRMS project has indeed justified itself in terms of the debt management needs of recipient countries. In fact, a specialized software tool like CS-DRMS can be a powerful and effective instrument for handling the many complex functions associated with debt management operations.

Proper choice of software:

As far as the target countries are concerned, the choice of CS-DRMS is fully justified, since the software seems to perform at least as well as competing products such as the Debt Management and Analysis System [French acronym SYGADE, used hereafter: English DMAS?] developed by the United Nations Conference on Trade and Development (UNCTAD).

Compatibility and interface with SYGADE:

The fact that there are different debt management software packages competing for the "market" in developing countries raises some concerns about the compatibility of the various systems and the development of common interfaces. In this respect, it is worth noting the case of the Central Bank of the West African States (CBWAS), a regional central bank that has adopted SYGADE as a debt management tool at its headquarters, while some of its member countries have chosen CS-DRMS instead.

Project design problems:

When the project was being designed and planned, IDRC did not have enough information or proper points of reference to assess the scope of the work that would be involved. The resulting design did not always serve the interests of the project.

Varying interpretations of objectives:

The project was undertaken with rather broad and imprecise objectives that were open to different interpretations. Thus, in designing its program for disseminating the debt management software, IDRC selected an approach that differed from that adopted by COMSEC, in that it put the emphasis on technical assistance rather than on institutional strengthening in the recipient countries. Furthermore, while CIDA preferred a fairly narrow focus as to recipient countries, IDRC took a broader view that included other countries besides the heavily indebted low-income countries of francophone Africa. In fact, a portion of the resources devoted by CIDA to the project were used to set up CS-DRMS in Thailand, Laos and Bulgaria, which in the evaluators' opinion helps to explain the considerable delays encountered in attaining the project's main goals.

Insufficient resources for attaining objectives:

As time passed, IDRC realized that the measures it had adopted for producing the French version of CS-DRMS and making it operational in the recipient countries were clearly insufficient, reflecting no doubt the difficult circumstances under which the project had been planned. Some participants suspected that the inadequacy of these resources betrayed a lack of commitment on IDRC's part, a point that underscores the need for the Centre's senior management to communicate a wide-spread message of its support for the project.

Critical conditions for the project:

If the project is to have a chance of success, the following will be essential: beneficiary countries must be capable of meeting the preconditions for introduction of CS-DRMS (which presupposes establishment of a debt management office or equivalent body); beneficiary countries must be capable of keeping the debt management system functioning once Canadian assistance has ceased (which presupposes the recruitment and retention of qualified technical personnel); and local or regional institutions must be established that can offer long-term, high-quality support to CS-DRMS users and to national debt management office personnel (there is the idea of creating a Resource Centre for West Africa). These various risk factors do not seem to have been very thoroughly examined when the project was being designed. It appears that IDRC decided to delay such an examination until the second phase of the project.

Effectiveness

Preliminary assessment of effectiveness:

Given that work on the French version of CS-DRMS has just been finished, and that the software is only now being introduced in three countries of West and Central Africa (Mali, Benin, Cameroon), the evaluators can offer only a preliminary judgement about the project's effectiveness.

A useful debt management tool:

CS-DRMS is a useful tool for recording, monitoring and analyzing debt service transactions. Furthermore, the software offers recipient countries effective support for moving from a "passive" to an "active" management of their debts.

Long-term support to recipient countries:

IDRC has not yet adopted concrete steps to ensure long-term support to beneficiary countries. This point must be addressed as a priority in the second phase. We see three aspects to this question:

- IDRC will have to continue providing certain essential maintenance functions for CS-DRMS, including the collection of royalties and the dissemination of any new or modified version of the software that may be produced.

- Beneficiary countries will have to find a way to pay the recurring costs associated with running the software, in particular the costs of training and retaining a competent operations team.

- IDRC expects to support establishment of a resource centre for debt management issues, covering the entire West African region. Such a centre will provide a wide range of services with respect to institutional strengthening and technical assistance, and especially training in the various aspects of debt management programs, including the use of standard software like CS-DRMS and SYGADE.

Performance of planned work:
With respect to the performance of the work as planned, the evaluators offer the following findings, which will have to be updated as part of a comprehensive assessment at the end of the first phase:

- Despite frequent delays and cost overruns, IDRC has managed to produce a good-quality French version of CS-DRMS that should be well received by users in recipient countries.

- IDRC has devoted much energy over the first two years of the project to promoting CS-DRMS among various governments and regional agencies in West Africa. These efforts have resulted in the submission of seven official requests to set up the software, but the Centre has so far been unable to meet these requests within a reasonable timeframe.

- Of these seven official requests, two have come from countries targeted by CIDA for the project: Benin and Mali. IDRC has also selected Cameroon, a good choice in many respects, but one that the evaluators have trouble justifying, given that Cameroon was not on the list of target countries established at the outset, and that CIDA has recently suspended its aid program to that country.

- In line with COMSEC's preferred method, IDRC has developed and applied an effective procedure for assessing the debt management needs of recipient countries.

- The work of training local agents responsible for debt management is only now beginning, as is the work of setting up the software. Work is proceeding according to plan in Mali, while Benin and Cameroon are still at the very first steps.

Completion of activities planned for the first stage:
Given the significant delays that the project has suffered, and the time it will take to get CS-DRMS fully operational in Mali, Benin and Cameroon, it appears unlikely that the output anticipated for the first phase of the project will be

achieved within the timetable set. IDRC already foresees that this work will have to be continued and completed during the second phase, which makes it all the more difficult for Canada to disengage from the project at this point.

Efficiency

Project team:

After a difficult start, IDRC has managed to set up a competent and dedicated project team consisting of a project director, a systems analyst, an economist and an administrative assistant. The team also makes use of Canadian and local consultants as needed to help ensure the desired output.

Peripheral players:

Besides the central core of the project, represented by the project team, there are two other components: IDRC's Regional Office for Central and West Africa, which provides modest on-the-ground operational support to the project; and the CS-DRMS advisory committee, which is supposed to address strategic questions related to the project, but which has been dormant for the last two years.

Human resource constraints:

Regardless of the quality of the current team, the evaluators believe that IDRC will face significant challenges with respect to the human resources devoted to the project, in particular with respect to training, remuneration, reducing the very heavy work load, and succession planning.

Project structure:

The structure that IDRC has put in place to manage the project reflects that very real lack of resources. Although acceptable under the circumstances, the current structure is not capable of sustaining the increasing work load that will likely arise during a second phase of the project.

Project director:

The project director also has other responsibilities, which means that he cannot devote more than 30 percent of his time to the project. This is an important constraint that hinders decision making and discourages attention to complex questions of strategy and policy that involve players like CIDA, the World Bank, CBWAS and COMSEC.

Coordination between the systems analyst and the economist:

The current project structure poses special coordination problems for the systems analyst and the economist, who must often travel for long periods at a stretch. Nevertheless, to compensate for the rather unclear division of their duties, the systems analyst and the economist are taking care to communicate project information to each other.

Management methods:

The management methods adopted by the project director are simple but effective, in light of the significant constraints that the project faces. Those methods rely on flexible work planning and on good information distribution, with the help of modern communications techniques.

Cost overruns and delays:

The 50 percent increase in the budget for the project's first phase is explained largely by the significant cost overruns experienced in producing the French version of the CS-DRMS, and setting up the software in the field. In the evaluators' view, this situation reflects not so much any bad financial management on IDRC's part, but rather the overly optimistic and unrealistic budget estimates that were made when the project was first launched. We would apply the same observation to the cumulative delay of almost twelve months in performance of work under the project.

Relations between IDRC and COMSEC:

IDRC and COMSEC enjoy excellent relations at the operations and technical levels. On the other hand, when it comes to strategy and policy considerations, the two partners have rather diverging viewpoints, which can perhaps be explained by the different nature of their mandates and by the importance that each accords to the features of its own debt management program.

Relations between IDRC and CIDA:

Despite some administrative snafus, particularly in producing project reports, IDRC and CIDA have established generally quite a good working relationship, where CIDA follows the project from a distance.

Conclusion

The Project is worthwhile, but it rests on shaky foundations:

The "Debt Recording and Management System" is an inspired initiative that offers a real, workable solution to debt management problems in developing countries. Nevertheless, because there was insufficient informational input at the design and planning stage, the project was erected on a very unstable base. And now, because it failed to provide sufficient resources at the outset to meet the objectives it had set, IDRC finds itself with the impossible job of running an ambitious project according to a timetable and budget that are simply not realistic.

Cruising speed:

After a difficult start, IDRC has managed to set up a competent and dedicated team equipped with a structure and management system that are quite appropriate to the circumstances. The project may now be said to have attained "cruising speed" and is actually showing results, despite any delays and detours it may have suffered. A French version of the CS-DRMS has been produced, and it is a quality product. The software has been introduced in three countries, using a well-tested and rigorous methodology.

Continuation of the work:
Although the project may be said now to be well launched, it still has a long way to go, and the evaluators have prepared a number of recommendations in this regard. IDRC and CIDA have agreed to extend the first phase, but they are going to have to undertake a second phase to bring the project to a successful conclusion. The two partners have just started to consider the matter jointly. This is a difficult but crucial point, given the complexity of the issues and the need to act quickly to assure a smooth transition from the first to the second phase. As the evaluators see it, IDRC and CIDA will have to come to grips with three key questions, if they are to take enlightened decisions about pursuing the work further:

- Is a second phase useful and necessary?

- If so, what should its goals be?

- What kind of organization needs to be set up to attain these goals?