

APPENDIX SIX: MANAGING A MULTI-COUNTRY RESEARCH PROJECT FROM THE SOUTH

“It has been a real learning experience in relation to DFID and its administrative system. There appears to be something contradictory in relation to the rigour of its financial systems and the manner in which they are actually administered..... It is really very interesting to analyse how the two sides to the relationship understand so differently the urgency of the matter” (translated from an email sent by León to Eyben).

This note describes the problems faced by the project in managing the research grant received from DFID. Early on the team agreed that the challenges and frustrations arising from this process should be understood and analysed as part of the research experience and be so recorded.

Background

In October 2002 CERES, a social science research institute in Bolivia and a previous beneficiary of DFID support through a project managed by the Centre for Development Studies, Swansea, applied for a small research grant (under £100,000). The proposal concerned the nature of donor-recipient relations, exploring these in three countries, Bangladesh, Bolivia and Burkina Faso. Funding was sought to undertake the necessary preparatory work in anticipation of putting in a full research proposal at the end of 2003. Rosario Leon, CERES Director was to be the project manager and the researcher in Bolivia. Rosalind Eyben and Andrea Cornwall were to be involved in the project by Ceres sub-contracting IDS. This was the reverse of the usual situation in which a UK institute is in the lead and sub-contracts southern partners. This was a deliberate decision of Leon and Eyben (lead researchers) as a practical expression of the policy theme of the research concerning the way in which relationships are played out in terms of power and authority between North and South. The decision to untie aid made this reversal possible. CERES was also to sub-contract researchers from Bangladesh (Naomi Hossain) and Burkina Faso (Bernard Dabire).

Problems

There were two inter-connected problems. One related to DFID norms concerning the transfer of money in a context in which the international banking system in general and the Bolivian banking system in particular penalises small customers. The second was the ruling that SSR funds cannot be made available as an accountable grant. These two problems together caused considerable stress and anxiety to the project manager and trying to manage them took up valuable time that was to have been spent on the research. They also resulted in all the researchers laying out money in advance to cover their expenses and in the national researchers receiving their salary payments after long delays.

Transferring money

Although CERES has received numerous grants from foreign donors these have all been for local costs expenditure in Bolivia. This was the first time it had to transfer payments to other countries, Bangladesh, Burkina Faso and back to the UK (IDS).

On learning in early February that it had received the grant,¹ CERES started exploring how best to handle these transfers. Various possibilities were investigated taking care to avoid contravening complex Bolivian tax regulations. It was finally decided that a dollar account with the City Bank was the best solution.

Despite heroic efforts it took two months of complex paper work for this account to be opened. Because of these unexpected delays from an international bank, CERES suggested to DFID that instead the money be transferred to an existing national bank account. This account in a bank in Santa Cruz, required DFID to issue payment instructions that had to be mediated through an intermediary bank in New York. On enquiry it appeared that the computer form used by DFID Accounts Department did not have sufficient space to handle this amount of information. The solution offered by CERES was that the transfer could be solved by sending a fax. but the reply received was that “Accounts Department is not geared for this kind of procedure”.

Despite earlier assurances from the City Bank manager concerning low bank charges, it then emerged that instructions from its international head office gave it no option but to charge very high rates of \$US 500 per month for managing the account in order to discourage small clients opening an account with City Bank. In desperation, CERES decided it would be better to close the account and suggested to DFID that they arrange to transfer the money for the third quarter through a banker’s order which CERES could pay into its normal bank account. This was an unusual step for DFID Accounts Department to take and it took some time to consider it. The banker’s order finally arrived (once again by ordinary mail rather than by courier or diplomatic bag) in the second week of December exactly three months after CERES had submitted its quarterly report on the basis of which it was awaiting reimbursement.

No advances are possible

Although other parts of DFID still operate accountable grants, the Research Fund no longer does so, making it impossible for a grantee to receive an advance. Obviously in the case of a UK based institution such as IDS, this causes no problem because it holds sufficient reserves. The case of a research institute in a low income country is rather different. CERES has until now always received advances against expenditure (for example from SAREC/Sida and IRDC) and is not geared up to accumulate reserves. This means that it could not easily make advances to those it has sub-contracted (including for air travel) nor pay Ms Leon’s own costs when working for this project. The additional delays in reimbursement and then on-transfer to Dhaka meant that Dr Hossain was still waiting to be paid in the New Year for work she had carried out some six months earlier.

Conclusion

The research team concluded that they were at the end of a chain of donor-recipient relationships in which those who could least bear the costs of administrative delays and bureaucratic inflexibility were those who most bore it. It seemed that the implicit

¹ There was nearly a month’s delay following issue of the contract because the contract was sent by ordinary mail to Bolivia.

message was that it was better to be a dependent client with some security, rather than strike out for autonomy and face financial crisis.

Although the untying of aid leads to the theoretical possibility of institutions from the South being able to access DFID grants directly without the mediation (and associated overheads) of a UK institution, the reality is that current procedural arrangements make this very difficult. In other words, in our own research we lived and suffered from an example of procedures reinforcing traditional patterns of relations between donors and recipients, between North and South.