

Performance Agreements in Public Service Delivery *Logframe*

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1 INTRODUCTION

INDEVELOPMENT is a young and small consultancy firm, providing services to clients in the Pacific, Asia, Europe and Anglophone Africa.

It has expertise in the following two areas:

- Institutional Development in Public Service Delivery
- Industry Development and Local Economic Development

With regard to Public Service Delivery, INDEVELOPMENT concentrates mainly on the aspects of infrastructure development, planning, management and financing. It is in this area that INDEVELOPMENT received indications for project funds from a potential donor.

Its donor provides **GRANTS** for consultancy service to design and build the capacity of implementing partners to apply so-called **Performance Agreements** in the areas of transport infrastructure, public transport, water supply and sanitation. In addition the donor is willing to provide a subsidy to service providers in the earlier described sectors or their clients for a period of maximum seven years, provided that they apply performance agreements, collect revenues near its potential and aim to maximize services to the population. Interested governments and service providers are invited to contact INDEVELOPMENT for further assistance.

This document presents the logical framework for the potential Performance Agreement projects.

Your comments are appreciated.

2 LOGFRAME

Development Objectives:

The overall development objective of the project is a sustained, pro-poor delivery of public services and goods or providing access to services and goods in a certain geographical area.

“Public services and goods” refer to the basic needs and collective needs of communities that are usually supplied by some form of government, like water, sanitation, solid waste collection, transport, health and education.

“Sustained” refers to a situation that the service delivery is sustained even beyond the economic and technical life of the infrastructure involved in the production or distribution processes.

“Pro-poor” refers to a situation where the service provider maximizes the number of beneficiaries, provided that it can sustain the service. It also implies that governments give priority to those services and goods that address basic needs, irrespective the consumers’ ability to pay, provided that they can be sustained.

Performance agreements

Performance agreements are agreements between the service provider and an organisation that represents the interest of the population (usually a government, but could also be a Community Based Organisation or a donor). The representing organisation is referred to as “client”. Under a performance agreement the client “purchases” the collective services from a service provider. The client solely concentrates on the interests of the population with regard to the service delivery.

The main concerns of the population are:

- Availability of delivery
- Quality of the service
- Accessibility of the service
- Costs of the service

The service provider is an autonomous entity that could be a privately, publicly owned company or a public organisation like a government owned company, department or local government. The service provider has the sole responsibility and authority to plan, generate finances, design, construct, operate and maintain all assets to deliver the agreed services.

Side-effects

A service provider that operates within the framework of a performance agreement addresses the concerns from credit rating agencies. In other words, as a result of the project, the service provider may issue bonds or obtain other forms of loans.

Similar to performance agreements, service providers can develop and monitor performance requirements for its departments, divisions, units and individuals. Such a system of performance requirements and its monitoring is called a quality assurance

system. As a result of the project the service provider may be able to obtain a quality assurance certificate, e.g. ISO 9000.

Project Purpose:

The purpose of the project is to develop a successful performance agreement between a client and its service provider and build the capacity of these partners to operate under this new framework.

An performance agreement is considered successful when it results in:

- Sustained, pro-poor service delivery
- Positive credit rating result of the service provider
- Quality assurance system implemented at service provider
- Both client and service provider agree to implement it.

2.1 CONCEPTUAL FRAMEWORK

To understand the deliverables and activities of the project, it is necessarily to elaborate on:

- Criteria for sustainability
- The relationship between service delivery and poverty
- Risk distributions in output based agreements
- Government structure and budgets

2.1.1 Why are Public Service are not sustained?**Sustainability:**

Sustainability in an organisation can be defined as the capability of the organisation to continue its core activities. In this case the core activities are related to pro-poor service delivery and the organisation is the service provider.

The factors influencing the sustainability of a service provider can be grouped in the following five groups.

- External factors and actors
- Incentives (institutional, organisational, individual)
- Financial capacity
- Managerial capacity
- Technical capacity

External factors and actors

Politicians, NGOs and financiers of projects favour expansion of service delivery (often in poor areas) over maintaining it. In particular the donor community and the NGOs have attached poverty related conditions to their support to the service provider or their clients. Service providers seldom operate autonomously and usually have to follow the instructions from these actors. As a result of this socio-political pressure many service providers own large amounts of infrastructure assets that do not generate income for their organisation and therefore cannot be maintained and cannot be utilised to its full potential.

Service providers, who have to generate its own income directly, may find little cooperation from the legal department, justice departments and the court. Without such support, defaulting is an

easy and attractive option to many consumers.

Incentives

The professional interest and commitment to the development goals of the service provider at all staff levels can be very disappointing. On the one hand individuals, units, divisions are seldom held accountable for their actions. They are neither penalised nor rewarded. On the other hand their performance requirements are usually not specified. At the same time there is a mismatch between the development objectives of the population (client), development objectives of the service provider and individual objectives. The institutional incentives have resulted in favouritism of investments in infrastructure projects over operation and maintenance and indirectly resulted in organisations with infrastructure assets that do not serve its purpose. Many labour related acts for government employees resulted in jobs for life with uncompetitive salaries. Not really attracting the champions in a certain profession to join the organisation or motivating the staff to perform.

Financial capacity

As stated earlier, many service providers often lack financial control over their organisation. They simply implement the projects that they are awarded. Many service providers are not concerned with cost recovery. It is simply not their responsibility. At the same time, many service providers miss incentives to reduce the costs of their operations. As a result of the insufficient revenues and excessive costs, the rates of financial returns are extremely low. Many service providers do not prepare long term budget plans, projecting revenues and costs, to assess the financial returns in the first place. In addition many service providers still do not work with international acceptable accounting standards. For these reasons, they are unable to mobilise funds from commercial sources.

However, if service providers would fully charge all the costs of their operations to the population, it is likely that these tariffs will result in serious problems for the poor. Depending on the price-elasticity of the good, the demand for the services may drop. Many service providers are providing merit goods and services or operate in situations that they cannot serve the whole population without risking bankruptcy. Service delivery under these circumstances either requires subsidies from governments or donors or application of commercial criteria for the selection of target groups.

Furthermore the willingness to pay for certain services may be very low, but the government may consider the service crucial for its development goals.

Technical capacity

Traditionally in most countries, there was a split in providing public services and providing the infrastructure for it. The Public Works Department designed, engineered, constructed and maintained the infrastructure on request of the various service delivering departments and ministries. A third party, the Ministry of Finance was supposed to pay for it all. Over the years the responsibilities were mixed up. The public works department also became partly a service provider or the service providing departments started to

provide for their own infrastructure. Irrespective of the parties, many countries realised that it could not provide the services for free and searched for options to charge the consumers of the services. This has become most evident in the road sector. Due to the ongoing decentralisation process, more and more local governments received the responsibility of providing services, providing and maintaining the necessary infrastructure and to finance it all.

As a result many of these local governments and departments lack technical capacities to plan, design, construct and maintain infrastructure or lack understanding in providing public services and collect revenues. There are often major concerns about the capacity to

- Plan and carry out maintenance activities
- Develop long term development plans including budgets and revenue forecasts that project a sustainable growth of the service delivery
- Collect and administer revenues
- Apply international accounting standards
- Marketing of the services

Managerial Capacity

For the above-mentioned reasons and because service providers were never held accountable for their bankruptcies, many service providers lack “managerial capacities”. The managerial capacity refers to the ability to develop strategies for the development of the organisation and organising the implementation of effective and efficient production processes. It includes activities like:

- Analysing what inputs are necessary for generating a defined level of outputs (products and services)
- Identifying how outputs can contribute to ensuring a required level of inputs at a sustainable basis
- Analysing how the methodologies/techniques are used and to what extent they can be adapted to increase the opportunities for maximising outputs, while minimising inputs
- Motivating staff and creating of a conducive organisation culture for productivity
- Development of a clear organisation structure with job descriptions and performance targets
- Steering on basis of achievements

2.1.2 Service Delivery and the Poor

An immediate concern of the poor is the cost or tariff of the service or public goods. Full cost recovery often results in high tariffs that are unacceptable to the poor. The government may object to such high tariffs for services and goods addressing basic needs. Progressive tariffs and income-related tariffs may be options to

accommodate the concerns from the poor and still maintain high standards with regard to cost recovery.

Another concern is the availability of or access to the service. Private companies may not consider it worthwhile to extend their services in poor areas. Thus government interference may be required to include more poor as beneficiaries of the service delivery.

The poor are also concerned about the quality of the service. Sometimes they may not appreciate the real issues about quality of the service, as is often the case with the delivery of water and sanitation services in isolated areas. Governments may want to make certain services mandatory, like public sanitation to address public health and environmental concerns. Consumption related tariffs may result in a drop in demand for the services. Thus governments may need to explore different financial packages, like cross-subsidisation between service sectors or using specific or generic taxes.

**Risk distributions in
performance
agreements**

2.1.3 Designing Performance Agreements

Both parties (client and service provider) should make assessments about the risks of the specifications and conditions of contract in the agreement. The concerns are very similar to the concerns involved in setting up public-private partnerships.

The performance agreements stipulate the responsibilities of the client, the service provider and the recipients of the services. The specifications typically describe the services in terms of quality, availability, the number of recipients, etc. Clearly these provisions are very crucial, but who is responsible for the creation and maintenance of the assets and how are the costs of the service provision recovered? The responsibilities of financing investments, generating income, maintaining assets and the duration of the contract, the height of the tariffs are all linked. The service provider should be able to break even and at the same time the client and the recipients should not unnecessarily pay too much for the services and public goods.

The service provider may collect its revenue directly from the recipients from user-charges or may sell its services to the clients. In the first situation, the agreement has to specify to maximum rates that can be charged from the recipients. In the latter case the client sells or distributes the public services or goods to the recipients.

To control the tariffs and costs of the service provider, the client may want to have an open book policy, which gives it access to the financial accounts of the service provider. An open book policy allow clients to assess the effectiveness of the collection of service charges and cost control measures.

Many performance agreements are long-term by nature and may

cover periods up to 30 years. It is likely that the population expands and the demands with regards to quality and availability changes over such long periods. The agreement should include provisions that accommodate such drastic changes. Future expansions should not result in bankruptcy of the service provider, but the inhabitants in the area should not unnecessarily be deprived from public services either. Cities in low and middle-income countries should be in particular concerned because it is likely that many of its new inhabitants are too poor to recover the costs for investments. Urban planners, as a representative of these clients want to be able to direct or influence the planning of the different autonomous suppliers. For example, revitalisation of neighbourhoods and creating new suburbs require various infrastructures. Roads, water supply, sanitation, solid waste collection, electricity and telecommunications are all needed to make a neighbourhood attractive to live in.

A very challenging task as the municipality may not be the (only) client of the service providers.

The conditions of contract should include a provision about the ownership of land and assets and the use of land and assets as collateral to borrow money from the commercial market.

Except when ownership, operation and maintenance responsibilities are and remain in one hand, the performance agreement has to specify the minimum conditions of the assets and the periods when maintenance can be carried out. After all, the clients do not benefit when the provision of services has to be stopped due to failures or maintenance activities. Because it is not possible to quantify each failure in conditions, it is also necessary to quantify the response periods in times of failures and the minimum investments for usage-based maintenance.

Like any contract, the agreement has to include penalty clauses describing the consequences when the service provider does not meet the specifications with regard to service delivery. The height of the penalty has to relate to the offence. There are various offences like:

- Number of recipients deprived of service
- Temporary out of service (Number of days)
- Service does not meet quality standards
- Combination of the above

The penalty clauses should specify the offences and its penalty. It may be helpful to use multi-criteria analysis to describe the offences and penalties. Depending on the payment structure, the penalty may relate to the tariff or the subsidy, but it also may relate to positions in the board of directors. At the same time it may be interesting to explore reward systems for excellent achievements.

Client capacity:

In most parts of the world, governments have been involved in service provision and have build up departments, divisions and other organisation structures. When its role changes from provider to

client, it has to alter its organisation structure and build new systems to issue agreements and monitor performance. As a result it is likely that it may have to lay off or divert a number of its employees, formerly involved in the service delivery. Some of them may be recruited by the new service provider.

Government Structure and Budgets

One of the major challenges within these types of projects will be the structure and budgeting process of the government. Many low and middle income countries are undergoing a decentralisation process. Local governments are made responsible for the provision of various services within their build-up areas. The freedom of the local governments to invest their revenue streams varies from country to country and often within the country itself. On the one end of the scale central governments may provide detailed instructions about budget divisions among the various service sectors and the maximum percentages to be spent on operation and maintenance. On the other end of the scale, local governments have complete freedom to allocate their revenues towards projects. Both situations often result in under-investment in operation and maintenance of the assets. Ideally central governments would issue instructions that the investments in operation and maintenance are guaranteed. In some countries, central governments do not control the allocation of the investments of local governments, but influence it by setting weight factors or require the local government to set such weight factors between sectors. Although this kind of planning processes results in a higher transparency, without appropriate planning and programming capacity, it could have negative consequences on the development in build up areas. Neighbourhoods with road access, sewer access but without access to water and electricity may not be attractive neighbourhoods to live in. Urban planners are aware that segmented service delivery planning could seriously backfire on the attractiveness of their city, town or neighbourhood. Furthermore urban planners should be concerned with the long-term consequences of their investments and plans. Certain roads are likely to be widened after a certain period of time. Encroachments will hamper future expansion. The dimensions of sewer pipes should be based on long term future demands rather than current demand.

3 PROJECT DELIVERABLES

Besides the obvious, specifications and conditions of contract of the performance agreement, INDEVELOPMENT can deliver the following products:

- GIS model to develop sustainable growth scenarios in terms of service delivery. The GIS model allows both service providers and their respective clients to project the consequences (in terms of service delivery and financial sustainability) of various subsidy levels and growth scenarios. Such a model would help these partners to develop more realistic agreements about performance targets
- Methods to set and alter pro-poor tariffs
- User-Charge collection system, including its administration and its actual payment system
- An international acceptable accounting system to track and project expenditures and incomes
- Maintenance Control System to forecast maintenance demands and plan maintenance activities in the most effective and efficient way.
- Tools to monitor performance
- Drafts of by-laws to formalise authorities and responsibilities under the new arrangements, among others addressing the involvement of the legal and justice department to tackle defaulters

INDEVELOPMENT will also be able to advise the clients about:

- Selection of service provider(s)
- Size, geographical location, scale and duration of agreements
- Monitoring and supervision plan, including penalty and/or reward system
- Revised organisation structure
- Human resource development
- Methods to coordinate plans of different service providers

Furthermore, INDEVELOPMENT can assist service providers with issues like:

- Development of organisation structure
- Development and application of a quality assurance system, including tools to monitor performance
- Human resource development

4 PROJECT EXAMPLES & TOOLS

4.1 PROJECT EXAMPLES

Sewer Finance Computer Model

In the early 1990's many consultancy firms in the Netherlands developed sewer management computer models. These computer model forecasts the cash flow requirements for the maintenance and development of sewer systems and calculates the minimum tax contribution required from each household benefiting from the sewer system. The maintenance requirements were predicted on basis of use-based models and inspection results. The tax contribution for sewer collection for each household could be based on the following criteria, depending on the preference of the client (municipality):

- All household pay equal
- Household contribution depend on house value
- Household contribution depend on income tax classification

The model worked with a standardized model of Dutch Ministry of Housing, Spatial Planning and the Environment to predict the future demand for additional houses in a municipality and thus predict future requirements for additional sewer systems and potential to collect sewer specific tax.

Financing Solid Waste Collection

In 1992, the Dutch government ordered municipalities to develop a solid waste management system with the objective to create a self-financing recycling system. **Gewest Midden IJssel**, a group of collaborating municipalities in the East of the Netherlands developed its new solid waste management system. Its business plan was to improve the quality of the recyclables and sell them to companies as inputs for their production process. At the same time households had to pay solid waste tax to cover the additional costs for solid waste collection.

CBO Managed Water Supply Scheme

The Hanna Nassif CBO received a small water supply network from the UNDP financed **Hanna Nassif Slum Upgrading Project 2**. The water supply system was connected to the Dar es Salaam Water Supply and Sewer Authority (DAWASA) and consisted of several sales points of water to the community. At various locations through the neighbourhood small offices with water tanks (to create a buffer) were constructed. Under guidance of a University in Dar es Salaam (UCLAS) and the International Labour Organisation (ILO), officers within the CBO were trained in accounting and selling water. Halfway 2000 a technical and financial feasibility study of this water supply system took place. Its conclusions were dramatic. It found that there were several (illegal) water sales points in the neighbourhood, that in the worst case scenario these "illegal" sales points could sell the same quantity and quality of water for half the price, if the CBO would cost all its expenditures. The illegal water providers bought water from DAWASA against a flat rate for the consumption tariff, where the consumption of the CBO was metered and charged as a production facility. The CBO and its supporters lobbied with DAWASA

for measuring water "leakage" within the neighbourhood or to allow it to consume water for the same tariffs and conditions as the illegal providers. Another problem identified by the evaluation was the potential health risks in the neighbourhood due to the poor sewer facilities. The building density in the slum is extremely high. Most households have built a pit latrine. When the latrine is full, it has to be emptied immediately because most houses do not have the space to build a new one. A hazardous activity, causing public health risk when the excreta is simply disposed in the nearest river near the neighbourhood. The new constructed side drains provided a popular opportunity to drain of the excreta straight into the open drain, but not much further, again causing a potential health hazard.

Public-Private Partnership

The municipal government in Dar es Salaam set up a **public-private partnership** with various small contractors to collect **solid waste** and transport it to the dump site. The municipal authorities simply awarded one year contracts, specifying the obligation to collect the solid waste in a specific neighbourhood. The solid waste contractors had to collect their service charges directly from the households. These service-charges differed, depending on the average income in the neighbourhood. The willingness to pay for solid waste collection varied considerable among the neighbourhoods. The rich inhabitants in the high-income neighbourhoods were willing to pay more than the service-charge and had no difficulties paying the contractor, provided that the waste was collected. But the willingness to pay among the poor living in these high-income neighbourhoods and the slum dwellers was usually below the specified service charge. Most slum dwellers are simply used to bury or burn their waste and often defaulted. Because the waste contractors received no legal support from the municipality, police and courts, defaulting was awarded and became an increasingly more popular, despite all the awareness raising and marketing activities by the contractors. Some waste contractors varied their tariffs and linked it to the incomes of their consumers. In all fairness, there were also quite a few poor performing contractors that simply did not collect the waste or only collected the waste along the main streets. Because they were not paid by the municipality and improper monitoring from the side of the municipality, the municipality had difficulties controlling the waste contractors. Many solid waste contractors were concerned about the financial viability of their operation, but had at the same time no proper accounts of their expenditures and incomes.

4.2 EXAMPLES OF TOOLS

This paragraph presents some of the tools that we apply when designing performance agreements. Besides these tools, we use tools like Net Present Value sheets, Cash Flow Sheets and other financial analysis tools to analyse the financial feasibility of each of the service providers in the partnership.

The tools presented here are:

- Coverage Matrix
- Network visualisation
- Environmental scan
- Process analysis
- Staff motivation analysis

You will find more information about tools on our website:

<http://www.indevelopment.nl>

Coverage Matrix

The coverage matrix helps in analysing if the major activities are covered by the organisation or group of organisations. It helps to identify the gaps and overlaps.

The first step is to list the major activities that have to take place and cluster them under a heading. The activities are presented on the vertical axis.

The second step is to list the main actors involved in these activities. The actors are presented on the horizontal axis.

The third step is to indicate the extent and way actors are involved during the activity.

It is possible to express the involvement with plus and minus or with figures.

Involvement	Expression of involvement	
Unclear	?	?
None	-	0
Limited involvement	+	1
Substantial	++	2
Major	+++	3
Sole contributor	++++	4

It is also possible evaluate the level and quality of the performance with similar means.

The below presented table is the coverage matrix for a public-private partnership in solid waste collection and disposal in Dar es Salaam (Tanzania). The percentages are an indication of its success.

	Client	Service providers	Law enforcement department	Consumers
Contract formulation	X			
Determine geographical size of operation	X			
Tendering and selecting contractors	X			
Solid waste collection from households and transport to neighbourhood collection point		X 50%		
Transport solid waste from neighbourhood collection point to dump site	?	?		
Collection of user charges		X 50%		
Arresting and punishing defaulters			X 10%	

Environmental Scan

The Environmental Scan presents the classification of external factors. Organisations (projects) may be able to control or influence some of the factors and can only appreciate others. Appreciation means that the organisation cannot influence the factors.

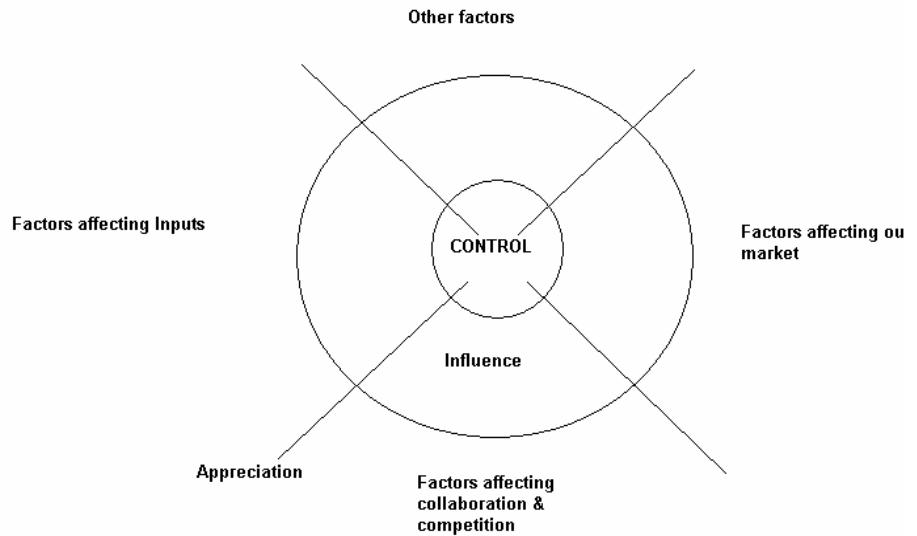
The factors are usually subdivided on basis of their areas of influence on the organisation:

1. Factors affecting the supply of inputs (labour, management, finance, materials, equipment, tools)
2. Factors affecting the demand for the produced goods and services
3. Factors affecting collaborators and competitors
4. Other factors affecting the processes and systems

However it is also possible to classify the factors on basis of their discipline or geographical scope:

<u>Discipline:</u>	<u>Geographical Scope:</u>
1. Political/legal	1. Local
2. Physical	2. Regional
3. Infrastructure	3. National
4. Technology	4. International
5. Socio-Cultural	
6. Economical	

The factors may have positive, negative or neutral impacts on the organisation and some factors may have more impact than others. It is possible to present the analysis in the format presented below:



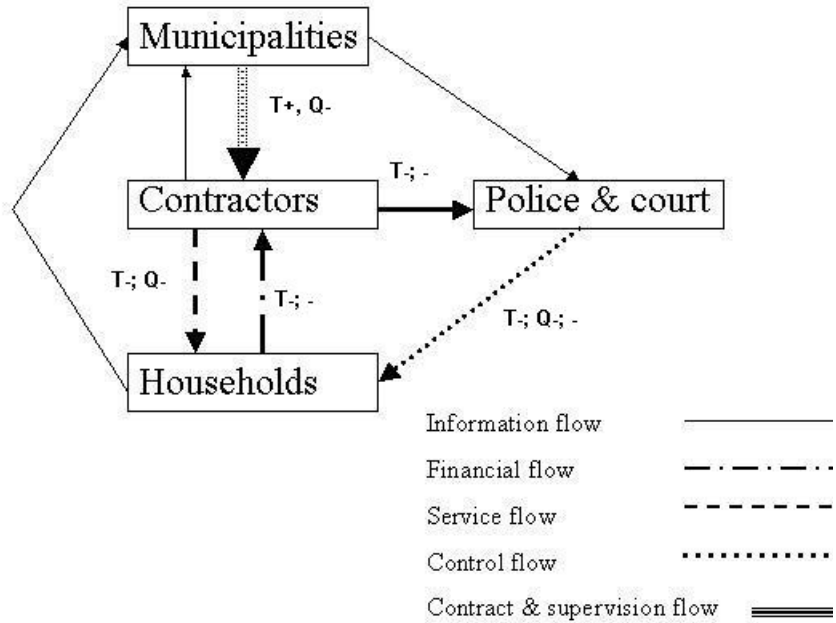
Network Visualisation:

Organisations, units of organisations, individuals (actors) have different kinds of relationships. There are lines of command, communication, co-operation, inputs and outputs delivery, sanctioning and financial lines.

It is possible to draw a map of actors involved, using different types of lines for different types of relationships. Arrows can be used to present the flow in the relationship. The thickness of the lines presents the importance, frequency or volume of the relationship. This is in particular important when there are several similar relationships. It is possible to use different symbols to present the performance of the relationships on basis of issues like

Issue	Satisfactory	Unsatisfactory
Timely	T+	T-
Quality	Q+	Q-
Quantity	+	-
Costs	C+	C-

The below-presented network presents the problems of the solid waste contractors in Dar es Salaam in early 2000.



Process Analysis

Describing and analysing processes may help organisations in various ways.

Describing processes can be used for the development of quality assurance procedures, e.g. ISO 9000 series. The processes are described and formulised in a document.

Organisations may also use these tools to improve the efficiency of their operations.

The processes are described and analysed with aid of a flow chart.

According to the ISO 9000, a process is a set of interrelated or interacting activities that transform inputs (materials, manpower, equipment, information, etc) into outputs (products and services). A process includes all activities and decisions to produce a semi-finished product/service. The primary processes together produce the end products and services for the costumers. These primary processes need support processes, like administration that facilitate the effectiveness and efficiency. It also need control process, like management supervision and auditing.

To first step of describing the processes is recognising them. Basically each process ends with a completed end or semi-finished product or service. Thus the complete production process in the organisation is broken down into semi-finished products and services.

The next step is to identify the start of the process. This is usually

where the previous process ended.

Step three is the identification of all the activities and decision moments and their sequence. Sometimes there are too many activities to include in the description. Often the activities can be grouped into a main activity, which perhaps produces a semi-finished product or service in itself. On basis of certain decisions (often control decisions), certain activities may have to be done again. For example a plan is rejected and needs to be revised. An important question is how often a plan is revised prior a final decision about its approval is taken.

Step four is the identification of the responsible actors, the actors implementing the activity or taking the decision.

Step five is the identification of all the inputs and outputs of the activities. In service-orientated organisations, information is the most crucial input and output.

Step 6 is to estimate for each activity:

- Volume of work [v]
- Duration of activity [d] preferably noted down as (average; minimum; maximum)
- Amount of Time spent on an activity [t] preferably noted down as (average; minimum; maximum)
- Duration of Storing inputs [s]

Step 7 is only necessary for revision of earlier activities and estimates the change that a proposal needs to be revised (rc) and the maximum of revision a final decision about a proposal is taken (rm).

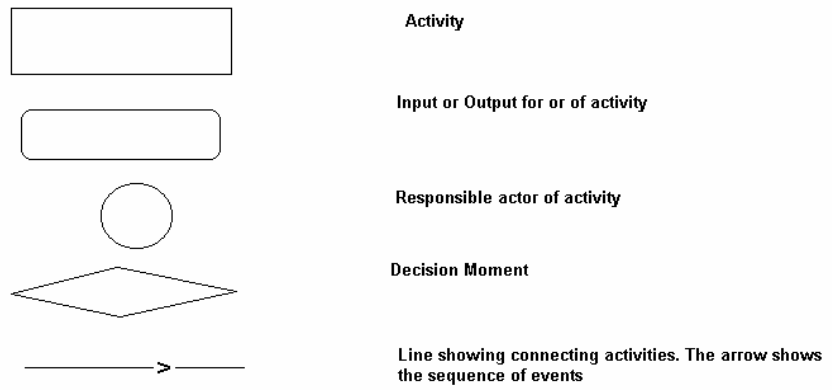
The process analyst can obtain information by observing or interviewing the staff involved in the process.

After the processes are described and presented in a flow chart the management of the organisation has to identify possible bottlenecks. It searches for opportunities to save time and costs and still produce the same quality of products and services.

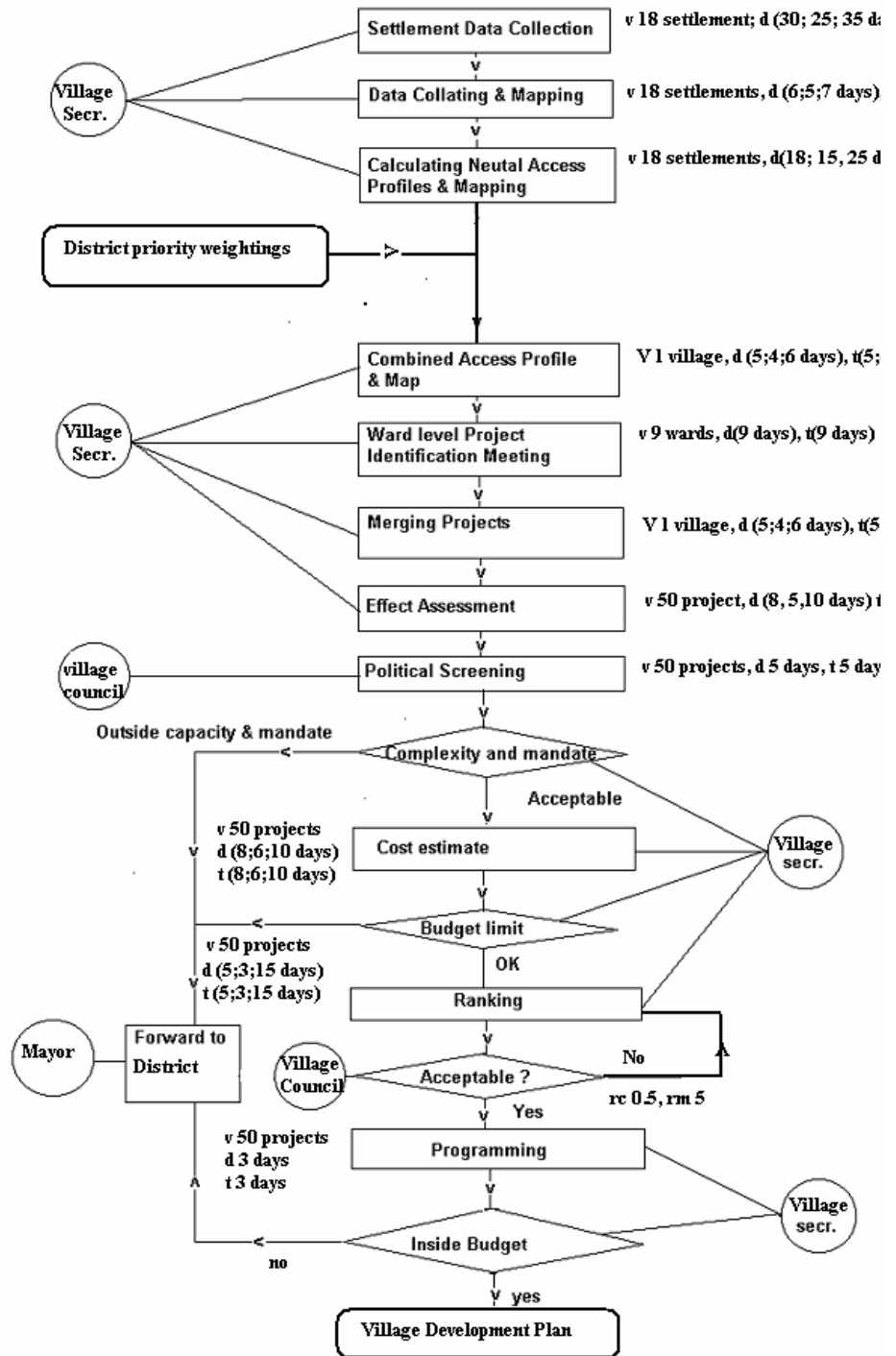
Is it for example possible to improve the sequence of activities and decision moments, or leave some out of the process all together? Is it possible to reduce the change that a proposal will be rejected or has to be revised by earlier provided or better information?

Is it possible to reduce the time for an activity? Is it for example possible to delegate activities to lower echelons in the organisation or is it possible to outsource activities when a certain officer is overloaded with work? Is it possible to simplify an activity by providing better information, better equipment, materials, improved guidelines and simpler forms? Could the time inputs for the process be reduced by combining activities and decision moments?

A flow chart can be presented using the following symbols:



The presented picture shows a generic flow chart for the production of village development plans, as is common in South Asia.



Staff Motivation Analysis:

- Every organization requires people in order to function. Organisations have three main functions in this respect:
1. Qualified persons must be attracted to join and stay with the organization
 2. Motivate staff to perform their tasks and carry out their functions as required

3. Motivate staff to improve the organization

Thus managers have to develop and operate motivation systems of the organisation. The theory of Herzberg states that some factors do not motivate in themselves, but their absence would be a strong demotivator (dissatisfiers). Other factors (satisfiers) have a stronger positive influence and can direct the energy of staff. Dissatisfies are prerequisites for proper functioning, like terms of employment, working conditions, working relations, and employment policies. Satisfiers (motivators) are crucial to positive work attitude. They give pleasure, lead to commitment, and give people the feeling that they can develop, reach certain goals.

INDEVELOPMENT assesses staff motivation problems with aid of a few basic questions to its managers and to its employees. The basic questions for the managers are:

1. How do you attract qualified people to work with you and to ensure that they stay? (qualified refers to skills, knowledge and attitude)
2. How do you ensure that they commit their time and energy to the organisation?
3. How do you ensure that they are effective in carrying out their tasks?
4. How do you ensure that they make efficient use of the organisations resources?

The basic questions to its employees are:

1. Is your job description, are your tasks clear?
2. Which constraints do you face in carrying out your tasks?
3. Do you need additional training or education to carry out your tasks?
4. Is the task conflicting with other assignments?
5. Did you receive the appropriate means to carry out you tasks?
6. Do you think you are fairly paid/rewarded in comparison to others?