MANAGING TECHNICAL ASSISTANCE

A PRACTITIONER'S HANDBOOK

Russell B. Sunshine

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Russell B. Sunshine

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Acknowledgments

It was my privilege and pleasure to serve as project manager for the Lao Foreign Investment Advisory Project sponsored by the United Nations Development Programme (UNDP) and as resident foreign investment advisor to the Lao Government. In this dual capacity, I worked continuously in Vientiane from January 1991 through June 1993, and intermittently since on short-term missions and through electronic communication.

Prior to serving in Laos, my international development consulting work for twenty-plus years had focused on the planning, negotiation, design, execution, and evaluation of international development projects; on critical analysis of development processes including institution building, technical assistance management, and technology transfer; and on the rendering of development policy advice. I performed these services on short- and long-term assignments for developing-country governments and international development-assistance organizations.

During the past year, a Centerwide fellowship granted by the East-West Center in Honolulu, Hawaii, has enabled me to pause and reflect on our Lao project experience and to put those reflections to paper. Immediately upon completing this volume, I will return to the field to pursue my project management practice, this time in a new role as the chief of party of the USAID-sponsored Central Asian Republics Rule of Law Project headquartered in Almaty, Kazakstan.

I would like to express heartfelt appreciation to the several individuals and institutions that have supported and inspired this writing effort.

At the East-West Center, Charles Johnson has been my principal host and source of unwavering encouragement. I am also indebted to Bruce Koppel, the Center's vice president for Research and Education; Fereidun Fesharaki, director of the Program on Resources: Energy and Minerals; and Charles Johnson's colleagues in the Indochina Initiative, Terry Rambo and Peter Xenos. Robert Wood was a first-rate research assistant. Sandra Dela Cruz rendered invaluable, always cheerful assistance creating tables and graphics.

Two highly competent East-West Center professionals have guided this book to publication: Ellen Young, my invariably practical editor, and Elisa Johnston, the Center's patient but determined publications manager.

The UNDP Lao Foreign Investment Advisory Project was, from start to finish, a cordial, synergistic joint venture—one of those happy technical assistance collaborations to which all practitioners aspire but all too rarely experience. On behalf of the Lao Government, clear direction was given by Deputy Prime Minister Khamphoui Keoboualapha, Prime Minister's Chef de Cabinet Phao Bounnaphol and Foreign Investment Vice Minister Leuane Sombounkham. These leaders modeled exemplary technical assistance client behavior, actively soliciting their consultants' advice, receiving it attentively, implementing it decisively (and often courageously) when appropriate, rejecting it courteously but unequivocally when deemed infeasible. Valued complementary guidance was generously given by International Economic Relations Vice Minister Khempheng Pholsena and Central Bank Governor Bousbong Souvannavong.

Within our project's counterpart agency, the Permanent Office of the Government's Foreign Investment Management Committee (FIMC), our entire technical assistance team was welcomed from the first day as valued colleagues. Anyone who has worked in the field in potentially delicate counterpart relationships will appreciate the exceptional maturity and generosity embodied in that response. (In all settings with which I am familiar, it is far easier—and less humbling—to give technical assistance than to receive it.) Beyond doubt, chief credit for the success achieved by this professional marriage is due to Boun Omme Southichak, permanent office director. For all of us, consultants and counterparts alike, Mr. Boun Omme was a genuine role model: intelligent but also wise, highly skilled and widely experienced, self-effacing and always ready to learn, untiring, and virtually unflappable; he was a consummate professional, in the highest sense of that term. Every international development consultant should be so fortunate, at least once in his or her career, to have such an outstanding host and counterpart.

Our team and project also benefited greatly from other Permanent

Office counterparts: Deputy Directors Boun Chanh Visouthivong, Boun Nhang Sengchandavong, and Houmpheng Sourilay; Mr. Tan Muongchanh; Dr. Kikeo Chanthaboury; and Ms. Thamma Thetvisay, to name only some of the most memorable. Over the course of nearly three years of daily collaboration, these individuals became valued friends as well as respected colleagues.

Ameerah Haq Perera, the UNDP resident representative in Vientiane, was our project's single most helpful sponsor. It would be difficult to exaggerate the cumulative impact of her several interventions or the effectiveness and grace of her personal management style. Also unfailingly cooperative was the entire UNDP resident mission staff, both expatriate and local. Mission support was backstopped by the World Bank in Washington, D.C., during the project's initial phase and by the UNDP Office of Project Services (OPS) in New York during its second phase. For the World Bank, invaluable support was contributed by Klaus Lorsch, project officer, and Heikki Noro, technical assistance officer. For OPS, the same was true of Contract Supervisor Gillman Rebello.

The consulting firm that performed Lao technical assistance services was Investissement Développement Conseil (IDC) of Paris, France. Michel Cramer, IDC's managing director, provided enlightened corporate coordination and empathetic home-office support for all our field-team efforts, with conscientious home-office assistance from IDC Project Officers Charles Vellutini and Herve Dandois. In addition, each of these valued colleagues made significant substantive contributions to project quality during their periodic Vientiane missions.

Our short-term specialists who performed with great efficiency and positive impact included Charles Alton, Peter Edmonds, Charles Johnson, Robert Kasemeyer, Jeswald Salacuse, David Smith, Francine Vanderstricht, and Anthony Zola. These individuals' vast experience, specialized technical expertise, and cross-cultural sensitivity immeasurably enhanced the soundness, scope, and acceptability of our technical advice.

Crucial cofinancing support for the project was repeatedly contributed by the Asia Foundation's regional office in Bangkok, thanks especially to the innovative collaboration of Kim DeRidder, director of Lao Country Programs, and to Richard Blue, resident representative. Collaboration by Harvard University's Institute for International Development (HIID) was patient and generous, due to the efforts and inputs of Deputy Director Lucy Pullen, Administrative Officer Anne Doyle, and Secretary Maaria Olander, all with HIID's Indochina Program.

Invaluable cooperation was frequently received from Australian Ambassador Michael Mann, United States Ambassador Charles Salmon, Jr., and their respective staffs. Ambassador Mann was a crucial, effective, and enthusiastic partner in organizing and financing the FIMC's highly successful Sydney Forum on Lao Investment Opportunities.

Tireless local-staff services within the project's field office were outstandingly performed by Sipraseuth Chanthapanya, administrative assistant, and Keiko Okabe, special events organizer. In countless ways and on numerous occasions, Ms. Sipraseuth kept the project on track, with solid administrative and budgetary professionalism but also with timely and respectful cross-cultural sensitivity. Her grace under pressure was remarkable, even within a culture justifiably renowned for its gentility. She will not be forgotten by the IDC team or our FIMC counterparts. Ms. Okabe, in turn, brought remarkable energy and enthusiasm to a series of investment promotion conferences. Her beneficiaries literally numbered in the hundreds.

I have been truly blessed to have Nancy Swing as my spouse and life companion. Herself an experienced, successful international development consultant specializing in communication and media, Nancy has been a long-term source of fresh insights and frank opinions about technical assistance means and ends. To this book and its companion volume, she has contributed countless valuable suggestions regarding content and clarity.

In concluding these acknowledgments, I would like to pay respect to other esteemed mentors and colleagues who have shaped my learning about technical assistance management over the years. Remembered with fondness and gratitude are Al Noor Kassum of the East African Community; Richard Buxbaum of the University of California at Berkeley; Maurice Dickerson, Constance Bernard, Rita Parrilli, and Gosta Westring of the World Bank; Donald Strombom of the World Bank and International Development Business Consultants; and Liu Peilong of the Ministry of Public Health of the People's Republic of China.

Despite the influence and insights of all of these valued individuals, the opinions and conclusions expressed in this book and the errors inadvertently made are solely my responsibility.

Russell B. Sunshine
Honolulu, Hawaii
December 1994

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Introduction

Technical assistance[1] is a powerful catalyst for international and institutional development.[2] Significant amounts are spent annually on its delivery. But even beyond that direct investment, the impact of technical assistance on much larger capital projects and on policies adopted by developing country governments is demonstrably profound. Especially in the current era of structural adjustment programs and aid to economies in transition, the opportunities for technical assistance to make a positive development contribution are arguably unprecedented.

Too little field experience is reported by involved practitioners. Instead, development-management literature is dominated by second- and third-hand syntheses composed by academic researchers and short-term evaluators. Those detached perspectives have legitimate contributions to make, but they tend to be remote from actual management experience—a process characterized by trials and errors, fits and starts, sweat and tears. Perhaps in part because of this geographical and philosophical chasm between practitioners and reporters, the former seem sometimes to repeat the mistakes of the past, reinventing the wrong wheels.

In technical assistance practice, management tends to be underestimated, especially by donors and clients. Sometimes, it is even tacked on to a project plan or to consultants' terms of reference as an afterthought or add-on, after key personnel have all been selected on the basis of substantive qualifications to perform exclusively technical tasks. Much management attention is focused on program management by host-government agencies, as distinguished from project management by consulting firms.[3] The subject of project management deserves more and earlier attention than it generally receives, both in project planning and in consultant recruitment. Project management can literally make or break a technical assistance project, especially in the domain of institution building. There is much here for all parties to learn: clients, donors, and consultants. Technical assistance management remains a ripe topic for exchanging information and experience.

The UNDP Lao Foreign Investment Advisory Project conducted in Laos between 1991 and 1994 is used throughout this handbook text as a case study to illustrate main themes and principles with concrete, real world examples. At this writing, the project is winding up four years of intensive services to the Lao Government. Its mission—facilitating macroeconomic capacity building and transition from central planning to a predominantly market-driven economy—is the stuff of contemporary headlines. So is its geographic orientation, in the center of Southeast Asia. The project is free-standing, with readily discernible parties and parameters, inputs and outputs, initiatives and impact. From its outset, the project has constituted a rich technical assistance management learning laboratory. Its pragmatic, receptive host government and flexible, supportive donor collaborated to endorse and encourage experimental institution building. Extending the project into a second phase enhanced opportunities to consolidate and expand initial activity tracks. The greenfields (or starting from the ground up) quality of the Lao macroeconomic policy environment combined with the small number of key institutional and individual actors made it feasible to choreograph institution building on multiple integrated fronts and to perceive results promptly and unequivocally.

This handbook is primarily written for fellow practitioners of technical assistance management both in consulting firms charged with responsibility for performing the lead project-management roles and in client governments and donor organizations that, respectively, host and finance those projects. The book will also be of interest to scholars and students of development management, international development, development assistance, public administration, cross-cultural communication, and contemporary Southeast Asian economics and politics.[4]

To set the stage for the case study, Chapter One summarizes the Lao project, its historical context within that government's rapidly evolving open economic door policy, and its contribution to the government's foreign investment reform campaign. The succeeding chapters then analyze a linked series of crucial technical assistance management issues:

- Initial project planning, consultant selection, and project design (Chapter Two);
- Effective time management (Chapter Three);
- Parties and interest groups, roles and relationships (Chapter Four);
- Technical assistance as technology transfer (Chapter Five);
- Sustaining technical assistance impact (Chapter Six);
- Technical assistance administration and finance (Chapter Seven); and
- Technical assistance evaluation (Chapter Eight).

To a degree, this sequence is chronological. Thus, initial project planning launches the management process. And at the other end of the timeline, summative evaluations measure cumulative performance, and sustainable development carries the induced institutional strengthening into the post-project future. However, this chronological relationship by no means holds true for all of the highlighted issues and not even wholly so for the ones just mentioned. All of the intervening issues require managers' continuous attention throughout the performance of technical assistance services. Evaluation should include an ongoing monitoring component. And sustainability must be a front-end priority if it is to become a tail-end reality.

NOTES

[1]In this book, *technical assistance* embraces the diverse menu of professional services performed by outside experts to enhance developing-country institutions and their development programs. The services encompass both advisory and operational roles, training, and other channels for know-how transfer. While a universe of alternative financing and delivery modes is available for technical assistance performance, the main focus in this text will be on projects financed by multilateral and bilateral development-assistance organizations (the donors) and delivered by international consulting firms and their largely expatriate personnel (the consultants).

[2] The World Bank estimates that resource flows for technical assistance to the public sectors in developing countries from all sources amount to about U.S.$20 billion a year. Of this, three-fourths comes from bilateral donors and nongovernmental organizations and the balance from the regional development banks, the World Bank group, and the International Monetary Fund. Annual World Bank funding or execution of technical assistance increased by 30 percent in FY1988/1992, in comparison with FY1982/1987. Equally significant for purposes of the present case study, two-thirds of that assistance was devoted to institutional development (as opposed to more traditional, World Bank-financed technical assistance supporting capital investment projects). World Bank *Handbook*, p. iii.

Full citation for all books, articles, and reports cited in the footnotes may be found in the References following the main text.

[3]See, e.g., Brinkerhoff, Esman, Hage and Finsterbusch, Rondinelli and White. There is much complementarity between these two domains, but the perspectives are quite distinct. See, for example, Note 2, Chapter Three.

[4]While institutions and individuals primarily interested in foreign investment are warmly encouraged to read this book, they may find more relevant the companion volume, *Managing Foreign Investment: Lessons From Laos*.

CHAPTER ONE

Assisting Laos: A Case Study

One major reason that the UNDP Lao Foreign Investment Advisory Project sparked such unanimous enthusiasm among and within all of its affiliated institutions—the Lao Government and its host agency, the donor organization, and the consulting firm—was that, to all concerned, it seemed the right project for the right place at the right time.

The crucial importance of project timing will be discussed in Chapter Three. Other key management issue chapters in this case study will offer in-depth reports and analyses of our project's purpose, planning, players, progress, and products. However, for the reader to be able to make sense of those details and to peg them to a meaningful frame of reference, a brief introduction is first required. What was this project's scope and duration? Which were its core institutions? How did it emerge from—and fit within—the Lao Government's macroeconomic development strategy at the beginning of the current decade? What was the project's intended role within the development-assistance campaign being mounted to advance that strategy?

Details can wait. But what was the big picture?

A TECHNICAL ASSISTANCE PROJECT PROFILE

Originally conceived as a one-year technical assistance intervention beginning in January 1991, our project was first briefly extended until the end of March 1992 and then again for an entire second phase commencing in April 1992 and concluding in December 1994. In all, a total of twenty-nine calendar months of continuous residential services were performed in Laos,[1] plus two and one-half additional intermittent months within Laos and abroad.

Our project's client was the government of Laos. Within the government, the host agency was the Foreign Investment Management Committee (FIMC), the government's board of investment. Financing both phases of this technical assistance was the United Nations Development Programme (UNDP), as represented by UNDP's resident mission in Vientiane. Supervising or executing the project on behalf of UNDP was the World Bank in Washington, D.C., during phase I, and UNDP's Office of Project Services (OPS) in New York, during phase II. The project consulting firm or contractor was Investissement Développement Conseil (IDC) of Paris, France.

As explained more fully in Chapter Two, this was an institution-building project. It was intended to strengthen all facets of the host FIMC and of the FIMC's professional secretariat (the Permanent Office) through a linked series of organizational development and human resource development initiatives. In substantive scope, the project's reach embraced all functions of the government's foreign investment management system—policymaking and lawmaking; investment incentives and promotion; and the screening, negotiation, approval, monitoring, and enforcement of investment licenses.

To perform these advisory services, IDC would mobilize a team of international development professionals of a half-dozen nationalities and professional disciplines. During both project phases it was my distinct privilege to anchor this team in a dual capacity as the on-site project manager and resident foreign investment advisor to the Lao Government. The other team members included IDC's Paris-based home office project coordinating unit, medium-term advisors, short-term specialists, and local support staff. In all, fifteen expatriate and Lao IDC professionals contributed forty-two person-months of services during phase I of our project and fifty-three person-months during phase II.

During each phase, IDC's contractual client was UNDP's executing agency: the World Bank in phase I; the Office of Project Services (OPS) in phase II. The contract budget, covering the firm's overhead and profit, personnel remuneration, reimbursable direct expenses, and contingencies, totaled U.S.$350,000 for phase I and $639,000 for phase II.

THE PROJECT'S ECONOMIC DEVELOPMENT IMPETUS[2]

The performance of the centrally planned Lao economy during the first decade of the People's Democratic Republic (from 1975 to 1985) had been extremely disappointing for the government. Accordingly, in November of 1986, the government announced the launching of a sweeping economic reform program called the New Economic Mechanism (NEM). Initially focusing on the granting of unprecedented managerial autonomy to state-owned enterprises, combined with decentralization of economic decision-making from the central government to the provinces, within two years the program accelerated to a second stage, this time emphasizing stimulation of private sector activity in general and attraction of foreign investment in particular.

A Lao foreign investment law was adopted in 1988, followed by implementing regulations or decrees in 1989. This legislative package defined a comprehensive legal regime for foreign investors and investments. It authorized investments in a wide range of economic sectors and in a wide range of legal forms including foreign-local joint ventures and wholly foreign-owned enterprises. It protected foreign investments against arbitrary nationalization and expropriation, and it authorized repatriation of foreign currency profits and dividends. The law lightened the burden of a new corporate net-profits tax by offering investors exemptions during start-up tax-holiday periods. To administer these foreign-investment rules and regulations, the legislation established a two-tier institutional structure. At the top was a ten-member board of ministers chaired by the prime minister: the Foreign Investment Management Committee. The FIMC's principal duty was to grant foreign investment licenses (including the determination of discretionary tax privileges and other special terms and conditions). To assist this committee in performing its licensing function and especially in screening foreign investment license applications, a full-time professional secretariat called the FIMC Permanent Office was established and institutionally housed within the Ministry of External Economic Relations.

The FIMC began to issue Lao foreign investment licenses in September 1988. By the end of licensing year 1990-1991, licenses had been granted, at the slow but steady rate of about three licenses per month. The new investments' aggregate commitments or proposed capital value totaled slightly more than U.S.$143 million. Three-fourths of these investments were relatively small at under $1 million each. Most were foreign-local joint ventures. Garments and other light manufacturing investments as well as import-export firms were most numerous in this early portfolio. Thai-based investments were dominant, by themselves accounting for 41 percent of all licenses granted to foreign investors from all countries.

As the Lao Government reflected on this early record toward the end of 1990, it was only partly satisfied with the start-up performance of its fledgling foreign investment management system. On the positive side, respectable legislation was in place and an administrative structure up and running. After fifteen years of virtual economic isolation, Laos was again starting to attract private direct foreign investment. On the negative side, however, prospective investors were beginning to complain about licensing delays and perceived unequal treatment. The pace of new license applications was disappointing to the government. The heavy imbalance in favor of Thai firms, while anticipated, was of potential concern. So also was the prominence of speculators among early applicants, and the relative absence of well–known and respected multinational corporations.

Taken together, these assessments led the government to conclude that serious barriers to top-quality foreign investment must still be present in Laos. An unbiased expert diagnosis of these perceived constraints seemed timely and appropriate, promptly followed by formulation of a coherent strategy for strengthening the foreign investment management system. These perceptions were promptly seconded by the major multilateral and bilateral development-assistance agencies that were increasingly active in the country.

THE PROJECT'S DEVELOPMENT-ASSISTANCE CONTEXT

International donors were quick to endorse and offer support to the Lao Government's economic reform initiatives. The World Bank approved a macroeconomic policy-based structural adjustment credit in June of 1989. An International Monetary Fund (IMF) structural adjustment facility followed three months later, simultaneous with an Asian Development Bank (ADB) agricultural adjustment loan. During this same period, significant resources for infrastructure rehabilitation and development (particularly roads and telecommunications, hydrogeneration, and banking facilities) were provided by the World Bank, the Asian Development Bank, the UNDP, and bilateral donors (especially Sweden, Australia, and Japan).

In this climate of intensifying development-assistance cooperation, the government and UNDP had agreed in 1990 to link five proposed technical assistance initiatives to help strengthen the New Economic Mechanism into a single comprehensive program of NEM support. In addition to foreign investment assistance, the other program components included privatization, commercial legislation, tax and customs reform, and socioeconomic statistics collection and interpretation.

As indicated by Table 1.1, UNDP initially engaged the services of the World Bank as executing agency for all five components (in collaboration with the IMF in the case of the tax and customs component). The government's Ministry of Economic Planning and Finance (MEPF) was designated as the host or implementing agency for all components except foreign investment, for which the FIMC was to play the comparable role. To cohost the program's commercial legislation component, MEPF was joined by the Ministry of Justice. The World Bank went to the international marketplace and, on the basis of evaluation of competitive proposals, selected different consultants to offer the required technical assistance: IDC in the case of foreign investment and privatization; Harvard University Law School in the case of commercial legislation; and individual experts in the cases of tax and customs reform and statistics.

UNDP's NEM support program began operation in January of 1991 and extended (with some variation among specific project components) until early or mid-1992. As indicated by the table, when time came for the government and UNDP to agree upon a second program phase, they made a number of major adjustments. For the foreign-investment component, the executing agency role passed from the World Bank to UNDP's own in-house procurement agency, OPS. The privatization component was canceled. The commercial legislation and tax and customs reform components were extended intact. The statistics component was transferred to the bilateral donor, Sweden's Swedish International Development Agency (SIDA).

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So much for the prelude. As the curtain now rises on our Lao case study, the year is 1990. The government and the World Bank are collaborating on initial project planning, in preparation for the selection of technical assistance consultants. How did this process get started? With what success? Most important, what practical technical assistance management lessons can be extracted from this Lao experience for potential adaptation in other settings?

Table 1.1 Institutional arrangements for UNDP's program support to the NEM

Institutional Arrangements	Foreign	Privatization	Commercial Legislation	Tax/ Customs Reform	Socio-Economic Statistics
Phase I (1991–1992)					
Lao Government Host Agencies	FIMC	MEPH	MEPH/MOJ	MEPF	MEPF
Donor's Executing Agency	World Bank	World Bank	World Bank	World Bank/IMF	World Bank
Consultants	IDC	IDC	Harvard Law School	Individual Consultants	Individual Consultants
Phase II (1992–1994)					
Lao Government Host Agencies	FIMC	Cancelled	MEPF/MOJ	MEPF	Cancelled
Donor's Executing Agency	UNDP (OPS)	Cancelled	World Bank	World Bank	Cancelled
Consultants	IDC	Cancelled	Harvard Law School	Individual Consultants	Cancelled

NOTES

[1] At this writing, the country's official name remains the *Lao People's Democratic Republic* or *Lao PDR*. However, *Laos* is increasingly accepted and utilized in both the public and private sectors for the sake of brevity. For the same reason, *Laos* will be the preferred form used in this book unless the specific context dictates otherwise.

[2] The following very brief historical sketch relies heavily on my companion volume, *Managing Foreign Investment: Lessons From Laos*, especially Chapter One, The Origins of Foreign Investment Management in the Lao PDR: How It Got Started and Why. For more extensive background, see, e.g., Stuart-Fox, pp. 98-126, and, generally, Zasloff and Unger.

CHAPTER TWO

Points of Departure: Project Planning, Consultant Selection, and Project Design

Proven Principles of Effective Institution Building

- Budget adequate front-end time for collaborative assessment by the host institution and its technical assistance consultants of the institution's development needs.
- Defer formulation of any detailed institution-building action plan until after the on-site needs assessment has been concluded.
- Adapt all institution-building interventions to the host agency's absorptive capacity and environmental constraints.
- Retain flexibility in that action plan to accommodate inevitable delays and detours.
- Sustain the technical assistance over a reasonably prolonged time in order to facilitate and secure meaningful know-how transfer.

THE PROJECT PLAN

In its capacity as executing agency for the UNDP's NEM support program, the World Bank issued a letter of invitation to four short-listed consulting firms on August 30, 1990, inviting proposals for two linked components of the program: foreign investment and privatization.[1] The terms of reference (TOR) enclosed in the invitation articulated the program's overall goal: to facilitate the Lao Government's transformation of its economy from central planning with principally state ownership of production, to more market orientation with strong private-sector participation. Under that overarching umbrella, foreign investment was described by the TOR as essential to supply capital, technology, management, and access to foreign markets needed by Lao industry. Attraction of this needed investment was, in turn, characterized as being apparently hampered by an incomplete and insufficiently transparent (i.e., accessible and predictable) legal framework, by inadequate promotional and regulatory know-how within the FIMC, and by undeveloped investor service facilities.

To bolster these institutional capacities, the government, UNDP, and the World Bank formulated a foreign investment advisory project plan. The TOR accordingly required the invited consultants to submit foreign investment advisory proposals for producing four substantive project outputs. The outputs, all intended to serve the anchoring project objective of "facilitating the flow of economically beneficial direct foreign investment [into Laos]," were the following:

- Development of a national foreign investment policy and its procedures;
- Strengthening of the government's operational capability to approve and supervise (i.e., screen, negotiate, approve, monitor, and enforce) foreign investment licenses;
- Establishment of and skill transfer to a new foreign investment promotion unit to be created within the FIMC Permanent Office; and
- Advice to the government, on an as-needed basis, on several actual cases arising from FIMC administration of its foreign investment management system.

The plan fleshed out this skeleton by providing additional details of the technical assistance activities required to be conducted in the course of producing each of the enumerated outputs. For example, in pursuit of investment policy development the consultants would be expected to identify the main remaining barriers to foreign investment in Laos and propose practical remedies for reducing those barriers; to assess and propose improvements in the existing foreign investment legislation; and to assess and propose improvements in the government's existing foreign investment promotion strategy (which improvements should specifically encompass FIMC services assisting prospective investors). The consultants' activities, aimed at strengthening the government's licensing capabilities, should, in turn, include on-site seminars and on-the-job training, not only for FIMC Permanent Office staff but also for professionals from key sectoral ministries. Project work on and for the proposed new foreign investment promotion unit should include organizational design, manpower planning, recruitment, in-house training, international study tours, and assistance to the unit in developing a targeted investment-promotion strategy. Actual-cases assistance, to complete the menu, should embrace both foreign investment promotion and regulation.

To ensure that this full agenda would be faithfully executed, the TOR required that the consultants who were awarded the project contract should submit a detailed inception report, within one month after commencement of services, an analytical baseline report two months later, a series of bimonthly progress reports starting two months after the baseline report, and a final report upon project completion.

SELECTION OF CONSULTANTS

Four prequalified consulting firms were invited to submit proposals for undertaking this technical assistance assignment: Banque Indosuez of France, Price Waterhouse of the United Kingdom, Henry Schroeder Wagg & Company of the United Kingdom, and Institut pour le Développement Industriel (IDI) of France. The World Bank's standard practice of limiting international competitions for technical assistance services to a *short list* of prequalified firms had evolved as a procurement technique designed to balance the client's interest in stimulating vigorous competition among qualified bidders with competing firms' need to perceive a sufficient prospect of winning to justify their investing in intensive, costly proposal writing. Again on the basis of standard World Bank (Bank) practice, the competition was limited to technical proposals (i.e., excluding cost estimates). The preferred firm emerging from this competition would then be invited to Washington to negotiate financial terms and a full contract with the Bank.

In this particular competition, IDI was selected. A leading French venture-capital firm, IDI had responded to numerous clients' requests throughout the 1980s by organizing a consulting subsidiary in 1989 to perform finance- and management-related technical assistance assignments in developing countries. It was this subsidiary, IDC, that would be performing the Lao project services, under the supervision of IDC's managing director and founder who would serve as the firm's home-office project coordinator. The TOR recommended that competing firms field a resident foreign investment advisor to work on a full-time basis within the FIMC, supported by visiting expert specialists as appropriate. IDC responded by proposing a five-person team composed of:

(1) The resident advisor as project manager and team leader,

(2) The home-office project coordinator doubling as a visiting investment-policy specialist,

(3) A legal specialist,

(4) An engineering and enterprise management specialist, and

(5) An investment-promotion specialist.[2]

In all, nineteen person-months of expatriate services were proposed by IDC over the twelve and one-half calendar month duration of the UNDP Lao Foreign Investment Advisory Project.

In the ensuing contract negotiations between IDC and the World Bank, the agenda was dictated by standardized World Bank practice. The discussions therefore focused on four sets of issues, each involving a different legal instrument:

(1) Resolving IDC's questions and comments on the TOR;

(2) Finalizing details of IDC's technical proposal, including World Bank approval of all proposed team personnel and their individual person-month inputs;

(3) Reaching agreement on the contract budget (with particular reference to the Bank's desire to increase IDC's person-months of services without exceeding the budget ceiling); and

(4) Clarifying the Bank's standard *conditions of contract*, and reaching agreement on administrative *special conditions*.

These negotiations were intense and at times strained, especially on budget issues. On the one hand, IDC had the inside track for being awarded this contract since its technical proposal had already been selected. On the other hand, no contract would be signed unless differences between the parties could be resolved and a mutually acceptable financial package crafted. In the end, a deal was struck, and contract signatures were exchanged by the end of December 1990. As IDC's project manager, I proceeded immediately to Vientiane to prepare the ground for our team's arrival in the field.

Let's take a closer look at how IDC addressed project design issues, first in these contract negotiations and then immediately afterward during the start-up of services.

THE CONSULTANTS' PROJECT DESIGN

The project plan that had been formulated by the government, UNDP, and the World Bank and embodied in the TOR confronted our IDC project team with formidable design challenges.

One challenge was simply how to conduct so many required technical assistance activities and produce so many reports within the project's severe time limits, especially when the schedule of deliverables was so severely front-end loaded. Thus, for example, the inception report due one month after commencement of services was required to include an initial outline of the proposed FIMC foreign investment promotion unit's objectives, strategy, organization, staffing, and training. The baseline report due two months later was to include an analysis of remaining barriers to foreign investment in Laos, an evaluation of the government's past investment-promotion and investor-service performance, a detailed plan for the new promotion unit, and a tentative outline for a targeted investment-promotion strategy. All of this substantive research, analysis, and writing would have to be conducted and completed simultaneously with the significant administrative adjustments involved in fielding an expatriate team, establishing counterpart relationships, and establishing and equipping a project office, communications, local transport, and local residences for our long-term personnel.

We welcomed the need to hit the ground running, especially since the contracting process took longer than originally anticipated by our clients. On the other hand, our team members' consistent (if diverse) developing country experience convinced us that getting a project field operation up to speed would be inevitably time consuming. At least equally important, we were determined not to import detailed "off-the-shelf" technical assistance strategies from other jurisdictions before we had had sufficient orientation time in which to sensitize ourselves to Lao conditions and constraints. Given these competing demands, we felt trapped in a box by TOR start-up expectations before our feet hit the ground.

A second, closely related challenge was how to accept and successfully execute unilateral contractual responsibility for producing the required outputs—including development of foreign investment policies and procedures, strengthening FIMC operational capabilities, and establishing the new promotion unit—when, in reality, all of these results would be mostly under the control of the host government. Professional ethics and experience cautioned us against getting off on the wrong foot by displacing our host institution and counterparts or by slipping from advisory into operational roles.[3]

A third potential design problem was how to serve and keep satisfied two—and perhaps three—parties that the plan revealed to have intense, but potentially divergent, interest in this project. While this was hardly a unique technical assistance management dilemma for a consulting firm, in this case two early warning signals gave us particular pause. One was the zeal exhibited by the World Bank personnel during contract negotiations for involving themselves in detailed aspects of project design and for insisting on the consultants' rigorous adherence to those *commitments* during project execution. On our IDC side of the table, this enthusiasm sounded alarm bells regarding our Bank supervisors' apparent lack of field experience and possible future temptation to micromanage. A countervailing signal was our recognition that, while two of our principals—that is, the FIMC and UNDP's resident mission—would be sitting literally within meters of our IDC project field office, the party to which we would be most directly responsible under our contract, the World Bank, would be attempting to supervise from halfway around the world. To our team, these acute discrepancies in proximity to field operations raised concern about reporting relationships and channels of communication.[4]

Finally, we IDC representatives were painfully aware, again on the basis of technical assistance experience, that the proposed project plan, with its detailed agenda and tight time frame, would be extremely difficult to reconcile with proven principles of effective institution building. Those principles, among others, included the following:

- Allowing adequate front-end time for collaborative assessment by the host institution and the consultants of the institution's development needs;

- Deferring formulation of a detailed institution-building action plan until after the on-site needs assessment had been concluded;
- Adapting all institution-building interventions to the host agency's absorptive capacity and environmental constraints;
- Retaining flexibility in that action plan to accommodate inevitable delays and detours; and
- Sustaining the technical assistance intervention over a reasonably prolonged period in order to facilitate meaningful know-how transfer.[5]

Each of these technical assistance management issues will be discussed in detail in subsequent chapters of this case study. Here let's examine how our IDC team attempted to respond to these challenges in our project design.

To return for the moment to the point when we were preparing IDC's technical proposal in response to the TOR and project plan, our point of departure was the obvious recognition that we had to win the competition and get selected before we would have any opportunity to debate design details with the Bank in contract negotiations, much less to refine that design during project implementation. Accordingly, we concentrated our initial design efforts on crafting a fully responsive (yet affordable) proposal, relegating our concerns about the feasibility of some plan expectations to a few explicit reservations appended to our proposal in accordance with Bank procurement procedures.

To this end, our IDC technical proposal articulated a work program for conducting all of the TOR's required activities, output by output, and calendar quarter by calendar quarter within the required time frame. We presented a team that would embrace all of the required expertise. We calculated our costs to fit under the preannounced contract budget ceiling. At the same time, we protected our options by signaling our reservations regarding IDC's awareness of the previously mentioned prerequisites for effective institution building and the firm's determination to preserve a necessary degree of design flexibility. The latter insistence emphasized that, if our proposal were selected, our field work would begin with a serious needs assessment and our overall approach to the assignment would be grounded in pragmatism, respecting local capabilities and constraints.

During the ensuing contract negotiations, we used the opportunity for face-to-face dialogue to clarify the Bank's plan expectations, to reach agreement on financial terms and to press for acceptance of our reservations. From our consultants' perspective, these efforts met with only mixed success. In reality, both parties knew their bargaining power was unequal. IDC was a small firm that badly wanted to advance its international reputation within the Bank, Indochina, and beyond by winning this contract and performing the services in an exemplary fashion. Moreover, if closure could not be reached, we knew—or at least had the distinct impression—that competing firms were waiting in the queue.

Under these circumstances, we perhaps did as well as might be expected by winning some limited concessions from the Bank representatives. For example, the required date for beginning field services was slightly delayed. Both parties compromised on initial positions regarding the quantum of total person-months of expert services to be provided by IDC within the Bank's budget ceiling. Moreover, it was agreed to convert that ceiling to a fixed contract price, a payment structure having distinct reporting and cash-flow advantages for the firm.[6] However, with regard to our concerns over the plan's crowded start-up agenda and institution-building constraints, no relief was granted. With great reluctance we accepted the resulting package and later experienced the feared consequent implementation difficulties.[7]

To carry forward this design narrative, with a signed contract in hand and our IDC project team rapidly assembled in Vientiane, we moved without delay to refine our preliminary design on the ground. This was deliberately done in close and thankfully candid collaboration with our host agency, the FIMC, and in congruence with local realities. One of those realities that became immediately apparent to both the expatriate and Lao participants in design refinement was that, while IDC's TOR had given chief emphasis to stimulating investment *promotion* activities, in fact the entire spectrum of the FIMC's foreign investment management responsibilities—including rule making and regulation in addition to promotion—would require intensive attention to institution building. By the FIMC's own assessment, the entire professional secretariat (the FIMC Permanent Office) needed reorganizing and strengthening. The organizing of a foreign investment promotion unit within that office that had been specified by the TOR would not be nearly adequate. In fact, no separate promotion unit could be justified, since the whole office only employed a half-dozen professionals, and all promotion decisions would require full participation by the office director and the supervising minister and vice minister. Moreover, it would have been premature and even self-defeating for the FIMC to launch a vigorous promotion campaign before policies had been clarified and licensing impediments relieved. Much more work was needed to improve the Lao investment climate before a credible promotion campaign could be initiated.

As a tool to facilitate our contractually required diagnosis of the regulatory status quo and to encourage active FIMC participation in project design finalization, we utilized a conceptual model of an integrated host-government foreign investment management system, comprising institutions, rules, and functions (Figure 2.1). Applying this generic framework to the Lao context, our joint government-IDC needs assessment team analyzed the institutional structure, operating systems and procedures, and personnel of the Lao investment-management authority (the FIMC) and administration (the Permanent Office). We examined all relevant existing rules: investment policies and legal instruments (the original 1988 foreign investment law and 1989 implementing decrees). Existing management functions and capabilities were assessed under categories of rule making (policies and laws), attraction (climate-setting, incentive granting, and promotion), and regulation (license application screening, negotiation and approval, and investment-performance monitoring and enforcement). This framework remained a valuable management instrument for our project team and our hosts, not merely during initial needs assessment but later when reminding ourselves of the institution-building forest within which we were growing trees. The model helped FIMC decision-makers to perceive more clearly how each contemplated investment-management improvement fit within, and should contribute to, the strengthening of an integrated management system. As a design matrix, the model assisted our joint FIMC-IDC project team to classify what investment-management work had already been done, what weaknesses remained within the system's institutions, rules, and functions, and what specific system strengthening inputs the project might realistically be expected to contribute.

While this needs assessment was still in full stride, IDC was contractually obliged—one month after our Vientiane arrival—to prepare its project inception report. We exploited this milestone obligation as an opportunity to link needs assessment to follow-through activities in an integrated work plan, our technical assistance blueprint for tracking services from design to delivery. Our plan envisioned four chronological stages of execution:

(1) *Needs Assessment*: to confirm, and if necessary to clarify, the government's intended foreign investment policy priorities, to examine the existing foreign investment management rules and institutions, and to identify the most harmful remaining barriers to foreign investment.

(2) *Recommendation of Any Warranted Modifications* in the government's existing foreign investment management system: suggesting any appropriate changes for strengthening the system and designing a detailed strategy for implementing those suggestions.

(3) *Execution of the Recommended Modifications*, through design and introduction of prototype investment-management innovations.

(4) *Trial Operation* of the strengthened system, including the prototype innovations, and initial transfer of relevant investment-management know-how from the consultants to our FIMC counterparts.

The results of the first two stages of this work plan—in effect, diagnosis and prescription—were recorded in IDC's baseline report at the end of the project's first calendar quarter. This report became the chief public record of our finalized project design. Utilizing the systemic conceptual framework, the report summarized our joint FIMC-IDC findings about the existing Lao foreign investment management system, the needs assessment evaluation of that system's assets and liabilities (including remaining barriers to attracting quality foreign investment), our recommendations for strengthening the system through an FIMC action plan, and our identification of inputs that the project could contribute to that strengthening campaign if so requested by the FIMC. We submitted the baseline report directly to the World Bank as IDC's contractual client and the UNDP's executing agency. The Bank then forwarded it to the Bank's UNDP client (in the person of the UNDP's resident representative in Vientiane), who, in turn, formally presented it to the government. The report's key next-steps proposal, the FIMC Action Plan, is summarized in Table 2.1. Our IDC project field team briefed the full FIMC on the plan's main recommendations and the committee responded with a full endorsement. Through this series of sequential submissions, we had now obtained tripartite—that is, World Bank, UNDP, and government—approval of our final project design. Equally important, we had secured a top-level government mandate for a detailed FIMC institution-building program.

It may be helpful to amplify some key features of our linked work plan, baseline report, and FIMC action plan. For example, our work plan explicitly recommended that IDC *not* proceed to execute the plan's third and fourth stages—that is, introduction of recommended investment-management innovations and commencement of trial operation of the strengthened management system—unless and until the FIMC had formally approved and accepted the results of the first two stages—namely, the needs assessment's diagnostic findings and the consequent prescriptive recommendations. In this way, we were deliberately empowering the FIMC to assert lead ownership of the technical assistance even though the Bank had drafted the consultants' TOR. Similarly, in our baseline report, we explicitly indicated that full implementation of the recommended action plan would necessarily continue in time beyond project completion. In this way, we were highlighting for the government, donor, executing agency, and the record, IDC's continuing insistence that the project's one-year time frame was patently inadequate for generating sustainable institution building. By formally accepting the report without challenging this emphasized point, our principals were, at a minimum, acknowledging our position on this issue and, beyond that, were arguably implicitly accepting the validity of that position.

To cite one additional example, our baseline report concluded by specifying how IDC's assistance to action plan implementation would automatically satisfy each of the firm's required contractual inputs and outputs. In this way, we reconstituted our technical assistance services as activities to be incorporated within the FIMC's own institution-building program—and hence, implicitly, to be controlled by the FIMC—rather than as independent initiatives externally conceived and imposed. Ideally, of course, this ought to have been the project's orientation from conception. But at least we had now effected this crucial reorientation relatively early in the game, before beginning performance of substantive services.

To jump ahead in the narrative, how did our project plan and design in fact survive during project implementation? The best evidence was provided by the independent UNDP auditors brought in to evaluate project progress and achievements in November of 1991. For this purpose, the evaluators compared actual project accomplishments with IDC's initially required contractual outputs and with the baseline report's proposed FIMC action plan. Both comparisons yielded the same finding: although considerable progress had already been achieved in strengthening the Lao foreign investment management system, sustainable institution building had only begun. In terms of contractual outputs, for example:

- *FIMC Investment Policy Guidelines* had been promulgated and published, serious work had been initiated on law revision and harmonization, and the consultants had furnished ongoing policy advice to the key FIMC ministers;
- Intensive training had been conducted and on-the-job advising offered with regard to foreign investment license application screening and negotiating;
- The FIMC Permanent Office, including its investment-promotion unit, had been entirely restructured, an Investor's Service Center established and funded, an investment-promotion strategy formulated and launched, a promotion journal published, and two promotion study tours conducted; and
- Actual-cases assistance had been rendered to the FIMC by our IDC team with regard to investment-license negotiations, prospective investors' inquiries and bona fides, and enforcement of licensed investments' performance.

As far as the evaluators' second criterion was concerned—comparison of actual project progress with the FIMC Action Plan—taking that plan's recommended initiatives in turn, the *Policy Guidelines* had been completed and demonstrable work had begun on the promotion campaign, on FIMC and Permanent Office organizational development and human resource development, and on legislative amendments. Only the recommended government-wide forum attacking remaining barriers to foreign investment had been postponed.

In the context of weighing the merits of continuing UNDP funding of this technical assistance funding beyond 1991, the evaluators noted that new foreign investment licenses were being approved at an unprecedented rate, the Lao Government was making public statements unequivocally reaffirming its continuing commitment to an economic open door, and a new Constitution had just been adopted explicitly protecting private property in general and foreign investment in particular. Under these circumstances, the evaluators recommended, and the UNDP and the government agreed, that IDC be authorized to continue our services into a second phase, and that the executing-agency supervisory role pass, during that phase, from the World Bank to the UNDP's in-house procurement unit, OPS in New York.[8]

PLANNING, STAFFING, AND DESIGN MODIFICATIONS DURING OUR PROJECT'S SECOND PHASE

Since phase II was a direct continuation of ongoing services, IDC, the FIMC, the UNDP's resident mission, and OPS all collaborated closely in this phase's planning and design. Taking as our point-of-departure phase I's initiated progress and unfinished business, three substantive phase-II outputs were agreed upon:

(1) *Consolidation* of initiatives begun but not completed during phase I to strengthen the government's foreign investment management system. (In this area, project emphasis would be placed upon assisting the FIMC to finalize in-progress revision of the original Lao foreign investment law and decrees and on continuing to simplify and standardize investment-license screening and monitoring procedures).

(2) *Expansion* of that system's scope and impact, both domestically and internationally. (Here, the corresponding emphasis would focus on conducting international investment-promotion forums and sectoral investment conferences and on producing audiovisual promotion materials).

(3) *Enhancement* of the FIMC's capability to independently sustain effective operation of that system following phase II's completion. (Our phase-II enhancement work was planned to include overseas and on-the-job training of IDC's FIMC and Permanent Office counterparts and assistance with FIMC strategizing on postproject institutional development sustainability.

For phase-II expatriate staffing we proposed full-time on-site service by the project manager and resident foreign investment advisor (me), long-term forum and conference services by a special events advisor, and brief specific interventions by short-term specialists. Altogether, twenty-two and one-half person-months of expatriate technical assistance inputs were planned for delivery during the twelve and one-half calendar months beginning in mid-April 1992 and continuing through April 1993.

Comparing this plan with actual performance, during phase-II implementation our proposed team was expanded by engaging two special events advisors in place of one—one Vientiane-based to help organize the Sydney investment-promotion forum and Vientiane sectoral investment conferences; the other working out of IDC's Paris headquarters to help organize the Paris forum. Offsetting budget savings were achieved by reducing the planned quantity of short-term specialist inputs.

In terms of timing, the duration of planned phase-II services was significantly increased during implementation. This increase of technical assistance services was caused by a combination of circumstances including the postponement of several conference events, delayed government submission of the new foreign investment law to the National Assembly for adoption, and a parallel delay in FIMC submission of the companion new decree to the Council of Ministers for approval. Our team's residential services continued through June of 1993. As project manager, I subsequently returned three times to Vientiane to help complete planned project tasks: in September 1993, February 1994, and June 1994.

In total, twenty-nine person-months of expatriate phase-II services were ultimately rendered (Figure 2.2), a 30 percent increase from the original design but one fully accommodated within the original budget as the result of our ability to achieve other offsetting savings. All of the planned phase-II activities were ultimately accomplished, although one of the two international investment-promotion forums was finally conducted without the UNDP project's intended cosponsorship.[9] Extra phase-II activities conducted in addition to our originally planned agenda included a workshop on implementation of the new foreign investment law and the drafting of an FIMC *Investor's Guide To Doing Business in Laos*.[10]

TECHNICAL ASSISTANCE PLANNING, STAFFING, AND DESIGN: LESSONS LEARNED AND REAFFIRMED

Table 2.2 summarizes the principal lessons about technical assistance planning, staffing, and design that our joint FIMC-IDC project team extracted from a synthesis of our collaborative experience. In the table and in the following elaborative discussion, I have grouped these lessons for the book's three chief target sets of reader-practitioners: namely, technical assistance managers and supervisors in client agencies (like the Lao FIMC), donor agencies (like the UNDP and the World Bank), and international development consulting firms (like IDC).

Lessons for the Technical Assistance Client[11]

Get more involved. Any host-government agency soon to be "invaded" by a donor financed technical assistance project will be well advised to defend and assert its vital interests in this intervention by getting actively involved in initial project planning and by then remaining equally involved throughout the follow-on processes of consultant selection and assignment design. In technical assistance as in the physics laboratory, nature abhors a vacuum. Be assured that, if you elect to remain aloof or passively disengaged, the other project parties will happily fill the void. (This means the donor agency at the stage of project planning and the consulting firm at the stage of assignment design). But those parties' perspectives, while equally as legitimate as your own, are not identical with your perspectives. Only you can—and should—protect your agency's interests.

After all, in any institution-building project hosted by your agency, it is *your* institution that is being built. To pursue this construction metaphor, you are the project owner, the donor is the banker, and the consulting firm is the constructor-contractor. It is your house that is being hammered, not theirs. Common sense therefore dictates that your agency's leaders must be fully involved *from the outset* in technical assistance planning, staffing, and design—unless they (and you) are willing to run the risk of waking up one morning to find out that the wrong wall has been demolished, the construction budget overrun, and the neighbors offended by encroachment. Your leaders best know your institution's available resources and constraints. They—not the donor or the consultants—are charged with responsibility for setting and achieving the agency's short-term and longer-term goals. They have an ongoing program of institution-building activities into which this technical assistance must fit, with all the detailed coordination of counterpart relationships, training events, and other interfaces that the intervention will require. For this technical assistance to successfully transfer locally appropriate know-how, it must be adapted to the institutional environment. Universal experience has repeatedly confirmed that, in order to be effective, institution-building technical assistance must empower its client and the client's personnel. Passive hosts are not empowered. They endure intrusions and attempt to minimize the resulting disruptions. They distance themselves in order to preserve future deniability. This is not development. For technical assistance to truly serve local needs, it must be a genuine service, not a mere imposition. You cannot ensure that result if you as the project owner are not involved.

To be more specific, active involvement in project planning requires full client participation in technical assistance objective-setting, output-selecting, timing, and budgeting. In terms of consultants' selection, active involvement constitutes full participation in evaluation of proposals and, preferably, in-person interviews with competing firms' candidates for resident team leaders.[12] In terms of assignment design, active involvement implies client comanagement of the consultants' on-arrival needs assessment.

To illustrate these recommendations with a mostly negative example, in phase I of our Lao project the government's front-end involvement was relatively modest. The World Bank, as agent for the UNDP, took the lead in technical assistance planning and consultant selection. The Bank drafted the TOR, set the budget ceiling, drew up the consultants' short list, evaluated the competing proposals, selected the preferred firm, and negotiated and signed the resulting contract with that firm. Moreover, the government agency responsible for negotiating the project grant with the UNDP was not the host FIMC that would be receiving the foreign investment advice, but an international relations department within the Ministry of External Economic Relations. This relative lack of FIMC involvement in the technical assistance's planning and staffing virtually reduced the host agency to the status of *recipient* or *beneficiary* of the services, rather than owner or comanager.

Once our IDC team arrived on the scene and began its needs assessment leading to design finalization, the FIMC and its Permanent Office began to catch up and join in the process. As reported above, the resulting action plan was genuinely a collaborative product. In phase II, the FIMC and Permanent Office were actively involved from the outset in the services' planning and design. But particularly for critical institution-building interventions, catch-up is not an adequate technical assistance management strategy. When so many crucial project-making decisions and choices are made early on, the host agency cannot later expect to be full and equal partner in project implementation if it wasn't even present at those pivotal initial sessions.

As a final comment in this regard, note that to recommend active client involvement in project planning, consultant selection, and project design does not necessarily require that the host institution be the project's executing agency. That may or may not be advisable, depending on experience and available resources. Nor does active involvement necessarily imply that the host institution must already have a clear preproject grasp of its problems or of internationally available solutions to those problems. If everything were under control, there would obviously be no need for technical assistance! The point is not that the institution does not need outside help. It is that, as client, the institution has a right and responsibility to control the form and scope of that help. It is your house.

Insist that project planning and design take full account of know-how transfer sustainability. Legitimate institution-building technical assistance must leave your host agency not only stronger than before, but also capable of sustaining its strengthened capabilities after the consultants' departure. The too common alternative is a brief burst of externally introduced system improvements followed by a discouraging backslide to preproject problems. Sustainable change is difficult to generate under the best of circumstances. For certain it will not be facilitated through technical assistance unless sustainability is explicitly acknowledged as a top priority of project planning and design.

Again, to cite our Lao project experience, IDC's phase-I TOR heavily emphasized *consultant* inputs and outputs and short-term activities and work products. Phase-II planning increased emphasis on know-how transfer to FIMC counterparts, but with few explicit benchmarks to gauge local absorption and with no specific requirements for handing over control of project innovations from IDC's team to Permanent Office colleagues. Under these circumstances—all too typical in technical assistance projects—the joint energies of consultants and counterparts alike remained concentrated on the introduction of technical assistance innovations and on the production of attractive technical assistance products (events, publications, etc.). Almost inevitably, in the heat of battle, short-term pressures to produce immediate outputs did not leave room to devote to longer-term know-how transfers. Joint morale was high. All project sponsoring parties were more than satisfied. But the consultants' departure caused a dramatic diminution of forward momentum and energy. And, at this writing, the continuing sustainability of several improvements in FIMC investment-management capabilities is much in question. This result is virtually unavoidable when know-how transfer is largely postponed until a technical assistance assignment's final stage. Again, if it is your institution that is being strengthened, you simply cannot afford this postponement.

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All of the preceding topics will be discussed again: in the context of technical assistance timing (Chapter Three), roles and relationships (Chapter Four), know-how transfer (Chapter Five), and sustainable development (Chapter Six). The main point at this juncture is that front-end planning, consultant selection, and project design are the moments when the astute technical assistance client must first assert its interests. To wait is too late.

Lessons for the Technical Assistance Donor

Find an optimal balance between your short-term and long-term technical assistance objectives. This donor shoe fits whether your institution is directly financing a technical assistance project or serving as another donor's executing agency. A misfit causes serious crippling implementation problems. In our Lao project, for example, the World Bank interwove both short-term and long-term agendas in IDC's phase-I TOR. The results included inherent tension for the consultants and probably inevitable deferral of empowering know-how mastery for the client.

This recommended balancing act is more complicated than first glance might suggest. Planning for institution-building technical assistance should not be totally open-ended. In order to prudently supervise the expenditure of large sums of money (whether grants or loans) for technical assistance services and to hold consultants reasonably accountable, it is appropriate and necessary for TOR to specify consulting inputs and outputs, time frames and budget ceilings. Specificity of requirements produces comparable proposals, fair criteria for proposal evaluation and consultant selection, and later, agreed benchmarks for monitoring and evaluating the consultants' performance. In short, specificity is no vice if not carried to an extreme.

Only when the specifics menu becomes so lengthy that it leaves the consultants no time or resources for collaborative needs assessment and for retaining an appropriate degree of flexibility during project implementation does specificity cross the line into incompatibility with effective institution building. To genuinely internalize improved management practices, the host institution's leaders and technicians must begin applying those practices *during* the project's midterm. The consulting firm cannot facilitate the essential know-how transfer process if fully booked with other tasks, inextricably bound by the donor to a rigid output menu, held unilaterally responsible for project outputs, or tied to a combination of these things.

Moreover, if institution building is to have a chance of success, the consultants' outputs must be clearly expressed in terms of services and work products that assist and advise the client agency, rather than in terms of unilateral responsibility for development of host-government policies and procedures, as was unfortunately done in the Lao phase-I TOR. Accommodating both of these agendas—short-term consultant productivity and longer-term institution building—will, of course, be made easier if technical assistance time lines are made sufficiently long.[13]

Resist the temptation to micromanage technical assistance assignments. Again, this lesson is equally relevant whether your agency is directly financing technical assistance or supervising it for another donor. Donor staff's desire to prescribe fool-proof TOR is perhaps understandable, especially when they expect to be held accountable within their own organization for the technical assistance results. But technical assistance—for better or for worse—today remains very much more an art than a science, especially in its institution-building applications. Its success, in the end, will depend far more on the consultants' field personnel's cross-cultural sensitivities, ad hoc responsiveness, and rapport with key client leaders and counterparts than upon the number of days of training conducted or pages of reports filed. Although you may not be comfortable with this observation, a donor's best strategy for sponsoring successful technical assistance is to select the best available consultants and then given them the necessary resources and support to do their best work. To avoid misunderstanding or any mistaken impression that I am counseling donor neglect or permissiveness, here is a more detailed recipe:

- Collaborate with your client, the host agency, on identifying desired end results;

- Translate those results into measurable impact terms (but count client changes—e.g., observable improvements in counterpart capabilities—as well as, and more than, mere consultant inputs—e.g., training days);
- Record those results and terms in the project plan and in the invitation to consultants to submit proposals;
- Select the best qualified, affordable, and available consultants to do this job (and include on-site interviews of proposed team leaders in your selection process and budget);
- Encourage the selected consultants' field team to work closely with host-agency leaders and counterparts to refine project design to produce the desired results;
- Monitor progress vigilantly but without excessive reporting requirements;
- Peg progress payments to achievement of agreed interim targets;
- Accept and welcome the fact that specific design details will necessarily evolve over time, in appropriate response to changing opportunities, constraints, and conditions;
- Treat the consultants as your esteemed agents, not as your adversaries and not as your direct employees.

Especially for a donor agency situated thousands of miles from the site of services delivery, it is highly impractical and demonstrably counterproductive to attempt to control fine details of technical assistance design, timing, and performance. Lighten up and let loose. You and your agency will be among the principal beneficiaries.

Vigorously promote active client involvement in project planning, staffing, and design. This is the flip side of a coin previously recommended for the technical assistance client. At the country-policy level, the UNDP and other donors are unequivocally committed to encouraging host-government participation in the coordination and planning of annual development-assistance programs. But at the project level, this same promotion must encourage host-agency involvement in technical assistance planning and design. Where institution building is the goal, such involvement is an imperative. Again, this is much easier said than done. Project planning deadlines create serious pressures for donor-agency staffs. Moreover, some host-government agency heads may prefer passive reception of technical assistance to risk taking co-ownership. In such situations, the institutional proclivities of both the donor and borrower may actually conspire to favor planning by donor staff alone. The point, however, is that that conspiracy must be vigilantly opposed by all true proponents of institutional development. Expedient unilateralism will defeat lasting empowerment. As argued in the previous lesson, you will gain effectiveness by sharing control.

Lessons for Technical Assistance Consultants

Use proposal writing and contract negotiations to improve the client's and donor's project plan. The World Bank's standard Letter of Invitation expressly encourages consultants' comments on detailed provisions in the TOR and suggestions for resolving any problems. In my professional experience (including ten intermittent years spent evaluating World Bank-financed technical assistance projects and advising the Bank's in-house central procurement unit), this invitation is not hypocritical. While major TOR modifications may be precluded by the competition process, there is considerable scope for fine-tuning, both during contract negotiations and even during project implementation. Moreover, even on points where the donor representatives feel unable to make formal concessions in the contract, early discussion may sensitize the supervising staff to your firm's concerns, leading to later cooperative solutions. In addition, of course, your proposal may fruitfully be drafted to include design details offered preemptively as solutions to perceived risks or problems. If adopted during negotiations, whether explicitly or implicitly, those solutions can become a mandate.

Utilize assignment start-up to refine your preliminary project design. An assignment's start-up of field operations is a unique—never to be equalled—period for refining your preliminary design to bring it into close harmony with local realities; and for vigorously soliciting (and then welcoming) your host agency's full collaboration in that design finalization process. This is emphatically a win-win opportunity. Active client involvement will necessarily improve the local relevance—and hence the practicality and quality—of your technical assistance needs assessment. The viability of your recommendations emerging from that assessment will likewise automatically be enhanced. In the process, host-agency expectations, sensitivities, and constraints can all be expressed and accommodated. Essential counterpart relationships can be launched. And since actions speak louder than words in all cultures, respectful collegial conduct by your field personnel during needs assessment can do more to win client trust and enthusiasm than all the project documents and experts' curricula vitae in the world.

Deliver an early and steady flow of distinctive project work products. Distinctive—that is, distinct but also attractive—technical assistance work products, delivered as early as practical and then steadily thereafter, are the best gifts you can give your project client and donor. Products assure your principals that their project plan is being executed as intended; that they selected the right consultants; that they are getting good value for money. To be frank, most institution building is invisible. It depends upon incremental, sometimes imperceptible improvements in individual and group performance—improvements inspired, in part, by transferred knowledge, skills, and attitudes, and in part, by increased enthusiasm and self-confidence. But despite this reality, every project owner wants to see tangible signs of progress. Better still is the perception of both leaders and counterparts that they themselves contributed to those new products and will receive public recognition for their participation.

In our Lao project, delivery of work products was one area in which IDC consultants did an exemplary job. They accommodated legitimate client and donor needs—both for products and credit—through such early initiatives as utilizing a counterpart training workshop to draft the high-priority FIMC *Investment Policy Guidelines,* involving FIMC Permanent Office counterparts in the compilation of investment-licensing statistics and publication of print and audiovisual promotion materials, arranging prestigious (yet totally legitimate) international study tours to other investment-management agencies around the region for key Permanent Office managers, and helping Lao public-sector and private-sector leaders to prepare for presentations at an international investment promotion conference in Bangkok.

Institutions as well as individuals like to be identified with forward momentum, especially when that momentum is receiving encouragement from domestic leadership and praise from foreign commentators. Everybody loves a winner. Moreover, self-interest is the most potent motivator. In your institution-building assignments, you can invariably gain vital client support by including in design and delivery early demonstrations that your technical assistance can produce tangible—even dramatic—improvements and that those improvements will redound primarily to the credit of your host institution and counterparts.

Always bite off less, not more, than you can chew. Consultants, like clients and donors, are only human. It is all too easy when preparing a competitive proposal to promise a prospective client unrealistic services—or unrealistic savings or both. Unfortunately, in technical assistance procurement as in other marketplaces, consumers have a tendency to treat puffing as promises. When inevitable delays, detours, and changed demands later make those front-end representations impossible to deliver, the happy euphoria shared during initial planning can all too rapidly give way to client rancor and recriminations. You can't fairly be blamed for *force majeure*.[14] But you have no one to blame but yourself if you overreached in contractual pledges.

Resist the temptation to offer more than you can reasonably expect to deliver—especially in proposals or contract negotiations before you have even set foot in the project country! Preserve flexibility. Insist on collaborative, on-site needs assessment as a precursor for design finalization. Bite off less, not more, than you can chew. This is not manipulation but sound marketing.

IDC made its client government and donor agencies happiest when our project team faithfully produced all agreed outputs—preferably on time. Even more so, when we exceeded our promised pace or quantity of production. Significant examples of our services and products "beyond the call of duty" included our attraction of additional cofinancing for desired FIMC initiatives not covered by the project budget, project sponsorship of after-hours English-language and computer training for Permanent Office professional and support staff, our drafting of standard-form Lao mining investment contracts, and our drafting of the FIMC investor's guide (not even conceived when the project was designed).

On the other hand, we invariably caused client and donor disappointment whenever slippages occurred in our promised schedule of promotional events (especially conferences)—even when those postponements were entirely caused by factors beyond IDC control. In addition, when our phase-II design's proposal to recruit a full-time special events advisor to assist with FIMC management of an ambitious program of promotion events was rejected by our host agency as unnecessary, against our initial best judgment we modified that design and accepted responsibility for delivering the full program without the full-time advisor. This hubris came back to haunt our team throughout phase-II implementation, and probably compromised the quality of services provided.

The lessons for consultants are not complicated. Strive to deliver more, not less, than you promise. And promise less, not more, than you can realistically expect to deliver.

❖ ❖ ❖

Planning, recruitment, and design lessons, like all other lessons in effective technical assistance management, are easier to articulate than to apply. But that makes them no less sound. In our Lao project we did a good job in some of these areas, a poor job in others. Readers who are fellow technical assistance managers can improve upon our successes and avoid duplicating our failures.

Table 2.1 The proposed FIMC action plan for strengthening the government's foreign investment management system

Actions to strengthen system functions

- Adopt and publish Lao *Foreign Investment Policy Guidelines*.
- Launch a vigorous foreign investment promotion campaign.

Actions to strengthen system institutions

- Consolidate the structures and develop the operational capabilities of the FIMC and its Permanent Office.
- Convene a government-wide forum for a coordinated attack on remaining barriers to foreign investment in Laos.

Action to strengthen system rules

- Amend the foreign investment law and decrees to harmonize them with more recently enacted commercial laws and to enhance their clarity and utility.

Source: FIMC needs assessment exercise (1991).

Table 2.2 Lessons from Laos: technical assistance project planning, staffing, and design

Lessons for the client

- Get more involved.
- Insist that project planning and design take full account of know-how transfer sustainability.

Lessons for the donor

- Find an optimal balance between your short-term and long-term technical assistance objectives.
- Resist the temptation to micromanage technical assistance assignments.
- Vigorously promote active client involvement in project planning, staffing, and design.

Lessons for the consultants

- Utilize proposal writing and contract negotiations to improve the client's and donor's project plan.
- Utilize assignment start-up to refine your preliminary project design.
- Deliver an early and steady flow of distinctive project work products.
- Bite off less, not more, than you can chew.

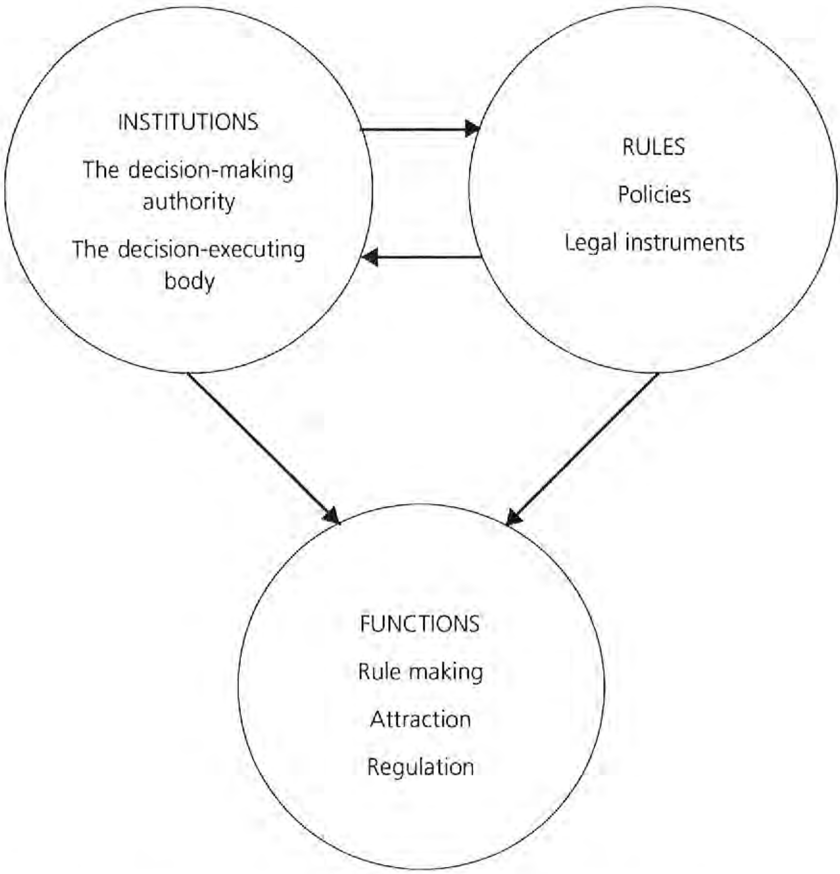
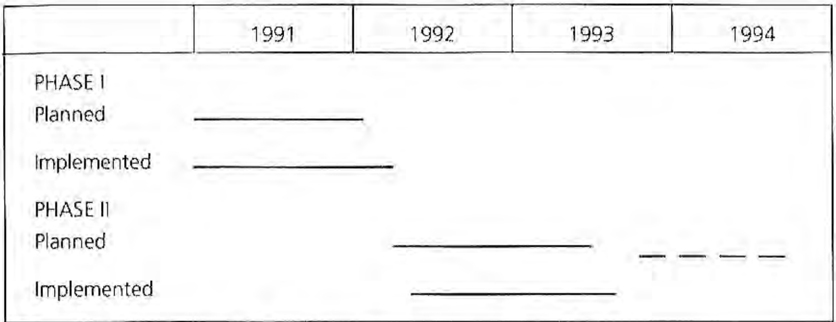


Figure 2.1 A conceptual framework for an integrated foreign investment management system

Source: FIMC needs assessment exercise (1991).



IDC Staffing Inputs (Persons-Months)

	Expatriate	Local	Total
PHASE I			
Planned	24	12	36
Actual	27	15	42
PHASE II			
Planned	23	25	48
Actual	29	24	53

Figure 2.2 The Lao project's timelines and staffing inputs: as originally planned and as actually implemented

NOTES

[1] Although the Bank legitimately perceived opportunities for reciprocal synergy between foreign investment and privatization and therefore between these two program components, the foreign investment component is the exclusive subject of the present case study. Privatization will therefore only be mentioned only tangentially.

[2] Since proposals had been invited for dual performance of the NEM support program's foreign-investment and privatization components, all of these experts except the resident advisor would also be working part-time on IDC's privatization team.

[3] These themes are developed in Chapter Four, beginning at page 85.

[4] Project parties' roles and relationships are the subject of Chapter Four, beginning at page 82.

[5] By no means were these perceived design challenges uniquely, or even distinctively, characteristic of World Bank-executed or UNDP-financed technical assistance projects. For example, a recent survey of technical assistance initiatives sponsored by the European Community in Eastern Europe and the former Soviet Union reported a prevailing pattern of project defects including slow start-up approvals, donor-driven overdesign and inflexible supervision, inadequate institutional development time lines, and inadequate client participation in project planning. *The Economist*, "Aid to the East: Good Intentions, Poor Performance," pp. 21-23.

Nor are bilateral donors immune from parallel criticisms. For instance, Gow complains that detailed project planning documents prepared by the United States Agency for International Development (AID) can run to several hundred pages and are susceptible to overdesign, including confident (but premature) statements about projects' distribution of benefits, economic return, host-agency capabilities, replication, and sustainability. "Collaboration in Development Consulting," p. 3. His preferred remedy for these perceived planning excesses is to adopt a *process* approach to project design that deliberately builds in flexibility to amend project goals, strategies, and tactics during project implementation as warranted by evolving information, conditions, and progress. He concedes, however, that such *rolling management* may threaten donors' need for planning and fiscal certainty. *Ibid*, p. 2. Another problem, of course, is that unlimited flexibility might offer indisciplined consultants a license to dawdle and drift.

[6] See Chapter Seven, Money Matters.

[7] See Chapter Three, Critical Sources of Technical Assistance Time Pressures and Problems.

[8] The UNDP expressed appreciation for the World Bank's superior specialized subject-matter expertise in the microeconomic reform domain, but opted for direct UNDP-OPS supervision during phase II in order to internalize administrative procedures and

to simplify direct communications between our project field office and the neighboring UNDP resident mission.

[9] Repeated delays by this event's proposed European Economic Community (EEC) cosponsor eventually pushed the date beyond the conclusion of our project's residential services. This forum was later conducted in November 1993 with EEC and French Government support.

[10] In November 1994, the government's council of ministers had yet to finalize formal approval of the new foreign investment decree that had been drafted by the FIMC with project input in June of 1994. As a result, project-supported finalization and printing in quantity of the official FIMC English-language translation of that decree and of the *Investor's Guide To Doing Business in Laos* are also still pending.

[11] Chapter Four, Technical Assistance Roles and Relationships: Effective Advising of Client Decision-Makers, will discuss the vital technical assistance management issue of project ownership as well as roles and relationships among the principal parties. For purposes of the present lessons, it is assumed that the host-government agency receiving institution-building technical assistance services is the consultants' client—at least operationally if not also contractually.

[12] Skeptics (or fiscal conservatives or both) within your government or the project-financing donor agency may protest against use of project funds to cover the costs of the latter interviews. But especially for sensitive advisory assignments and relationships, it is vital for your host-agency leaders to have advance opportunity to make informed judgments about the maturity, wisdom, and cross-cultural compatibility of these potential long-term counsellors. To deny them that opportunity would be a classic case of penny-wise, pound-foolish.

As a variation on this theme, I am familiar with an World Bank alternative procedure whereunder competing consulting firms are invited to send out their potential team leaders for preproposal site visits at the firms' own option and expense. This is arguably better than nothing. Yet in one recent case of which I am aware, only one of five competing firms accepted this additional burden; their envoy made a strong positive impression on the host institution (which was acting as the Bank's executing agency in this government-executed project). That impression reputedly carried strong weight in the agency's subsequent evaluation of technical proposals, and the firm was awarded the contract despite being demonstrably less experienced than its competitors. While admiring the winner's risk-taking, I came away from this incident with grave doubts as to whether all competitors had received a full, equitable hearing. To my mind, sound procurement principles can be far better served by budgeting for all competitors' team-leader candidates to be interviewed on-site by host-agency leaders.

[13] Effective know-how transfer is the subject of Chapter Five. The impossibility of quick institution building is discussed at Chapter Three, beginning at page 46.

[14] See Chapter Three, *Force Majeure*.

CHAPTER THREE

Effective Time Management in Technical Assistance Projects

Rational Sequencing and Realistic Timing for Institution-Building Technical Assistance

Technical assistance function and activities	Reasonable duration (working years)
Needs assessment and design finalization	0.5-1
Know-how introduction	1-2
Trial operation	1-2
Routine maintenance	1-2
Downstream troubleshooting	1-3
Total technical assistance duration	4.5-10

Chapter Two already introduced timing issues when discussing technical assistance planning and design. Let's now put those issues on center stage. Let's examine how timing problems can plague all stages of delivery of technical assistance services, how our Lao project attacked those problems, and with what degree of success.

CRITICAL SOURCES OF TECHNICAL ASSISTANCE TIME PRESSURES AND PROBLEMS

Money Concerns

By most comparative standards, international technical assistance services are expensive. In the mid-1990s, placing a short-term expert in the field for a month can easily cost U.S.$30,000. This figure comprises remuneration for the individual (perhaps including social costs or an overseas bonus or both, in addition to salary); his or her consulting firm's profit-and-overhead multiplier; international airfare; a field per diem or daily subsistence allowance; and incidental equipment, materials, and communications costs. Rates of this magnitude are certain to stimulate fiscal vigilance by technical assistance donors and clients alike. As well illustrated by our Lao project, these rates can strongly encourage donors' executing agencies to press, while in consulting contract negotiations, for brief consultant assignments and for frequent, tangible consultant outputs. Payments for consultants' prearrival preparation time, on-arrival orientation time, and on-the-job learning time are all vigorously discouraged. The conventional presumption is that international experts at this fee level should already "know it all" without special preparation or in-country study. The consequences of this presumption are inevitable: clients' and donors' money concerns can severely squeeze the quantity and quality of technical assistance services. In the interests of perceived economy, some needed work is rushed or compromised; other legitimate tasks don't get done at all.

Local Conditions and Constraints

As a general rule, consulting work takes longer to perform in developing countries than in industrialized countries. Contributing factors may include climate and culture. They certainly include inferior quality, quantities, and availability of technical data, smaller pools of key decision-makers (with resulting delays in consultant access and client feedback), and inferior communication and clerical support facilities and services. All of these constraints are local realities. Most of them are unchangeable; certainly they are not changeable by foreign consultants. And in fact, of course, there is much to recommend a slower pace—not only for congruence with local conditions and enhanced prospects for technical assistance relevance and sustainability, but also for the sake of the mental, emotional, and physical health of consultants and counterparts alike.

One reason that pace presents time pressures and problems for technical assistance consultants is that their TOR are almost always drawn up by expatriate staff in foreign donor agencies and hence thoroughly infused with industrialized-country expectations. In a real sense, then, it is locally inappropriate expectations, not local constraints, that lie at the root of time problems in most technical assistance projects. (Which is not to ignore the very real institutional demands and constraints that are leading donor staffs to form and impose those expectations in the first place.)

But regardless of which root causes one prefers to emphasize, it is indisputable that the resulting time pressures can be truly detrimental. Consultants are placed under continuous stress, rushing around to achieve the unachievable, and making unreasonable demands of clients and counterparts in the process. Harmony is destroyed, reciprocal respect is diminished, field research is severely curtailed, and opportunities for consultants' learning are consistently foregone. Even if report-submission and similar contractual deadlines are met through round-the-clock productivity, the quality of assistance necessarily suffers. And again, just to be clear, it is not merely or even primarily the consultants who suffer from these pressures. (After all, a cynic might argue that considerable consultant stress is a fair price to pay for high consulting fees.) Other victims include the host agency, its decision-makers and technical staff, the donor agency, the quality of technical assistance, and the entire validity of the project. The damage inflicted by ignoring local time constraints spares no parties or interests.

Force Majeure

Force majeure is a legal term well-known to most international contractors and consultants. It describes unforeseeable, unavoidable occurrences that excuse consultants' delayed or failed performance. Earthquakes, floods, and similar "acts of God" are examples of such calamities. But speaking less technically, performance delays attributable to factors beyond consultants' control are a virtual certainty in most long-term developing-country technical assistance projects. Every client, donor, and consultant can tell favorite catastrophe stories. What is ironic, and unfortunate, is that the inevitability of such delays is somehow never taken into account when scheduling technical assistance timelines. Instead, the delays are treated as disruptions and distortions, not as integral constraints.

In our UNDP Lao Foreign Investment Advisory Project, planned project progress was repeatedly and severely delayed by a half-dozen developments, all beyond the consultants' and the FIMC's control. Among these were ongoing reorganization of the central government ministries, with consequent interruptions in policy-related and actual-cases decision-making; periodic reassignments and extended overseas travel of key ministerial and professional personnel; repeated postponements of National Assembly consideration of the new foreign investment law; and withdrawal of an international donor's pledged cofinancing support for a Lao investment-promotion forum as the result of a late change in the donor's regional personnel. With the exception of the last of these examples, all of these developments could reasonably have been predicted by well-placed Lao Government officials. All of them should have been taken into account in project planning, design, and implementation. The specific delays may have been unforeseeable. But the strong likelihood of similar events should have come as no surprise—to the client, the donor, and the consultants.

The Impossibility of Quick Institution Building

Institutional development cannot be rushed. On a national scale, it cannot be done in one year. It cannot be facilitated solely by short-term consultants. It requires long-term commitments by all involved parties and a pace congruent with local absorptive capacities. Institutional development is an organic growth process: as such, it can benefit from imported stimuli but only through gradual adaptation and integration.

The unavoidable necessity of budgeting adequate project time for institutional development can be well illustrated by making reference to the terminology and concepts of technology transfer. The transfer process normally begins with collaborative assessment by the technology transferor and transferee of the latter's technology deficiencies and transfer needs. Outside (frequently foreign but also perhaps domestic) technology is then jointly selected on the basis of responsiveness to those needs, affordability, and availability. Next, the selected technology is jointly adapted to improve its congruence with local conditions and constraints. Where feasible, fresh innovations may even be developed that are superior to the adapted imports. The technology is then introduced into the transferee's system or institution as a prototype for trial operation or production. The transferee's personnel are trained on-the-job to master the transferred technology: first as apprentice-observers to the transferor's experts, then as supporting operators, then as lead operators. The technology is debugged, tested, and approved as preconditions for final acceptance by the transferee. The transferor then departs but may be retained on an intermittent basis for periodic repair and maintenance or downstream troubleshooting or both.[1]

To transfer industrial process technology regularly takes five to ten years. To facilitate a new host-government agency's mastery of the full spectrum of foreign investment management know-how—or of other comparable development-management know-how—is certainly no less ambitious. (To the contrary, it is arguably more ambitious, because the expertise being transferred is more intangible, and because full mastery requires changed values as well as enhanced skills.) Common sense would therefore indicate that a comparable time budget is realistic.

If the preceding sketch of technology transfer is applied to institution-building technical assistance and realistic durations are assigned to each step in the transfer process, for a serious institutional-development project like ours in Laos the cumulative project time frame might resemble that sketched in Table 3.1. A chronological sequence of five linked project stages would be appropriate for effective, sustainable transfer of the requisite management know-how:

(1) One-half to one year for collaborative (i.e., client plus consultants) system-strengthening needs assessment and consequent finalization of technical assistance design.

(2) One to two years for introducing locally appropriate management know-how to address those identified needs. (This stage would include, for example, the selection of foreign—and domestic—management principles and techniques, adaptation of those principles and techniques to fit the host-agency's conditions and constraints, innovating where new know-how was required, and conducting initial training—including overseas study tours, as appropriate—for host-agency leaders, professional counterparts, and support staff to familiarize them with the system-strengthening innovations).

(3) One to two years for trial operation of the strengthened system. (This stage would include counterparts' practice use and debugging of the introduced know-how within ongoing host-agency operations—under supervision of full-time consultants' personnel—on-the-job mentoring and training, and conduct and refinement of prototype management events and activities).

(4) One to two years for routine maintenance of the strengthened system. (Here technical assistance services would be intermittent, but regularly

scheduled, short-term visits, to reinforce original learning and to fine-tune the innovations).

(5) One to three years of additional availability of the consultants' key project personnel for downstream troubleshooting to assist the now fully operational, fully independent know-how transferee with highly specialized management problems on an as-needed basis.

Stages (1) through (3) would require full-time residential advisory services, enhanced by short-term specialists' interventions. During the trial operation stage, lead responsibility for management of the strengthened system's introduced innovations would incrementally shift from the consultants' field team to their host-agency counterparts. By the end of this stage, mutually agreed performance tests would confirm those counterparts' capacity to independently operate the strengthened system. In the event of test failure, the consultants could be required to stay on, at the client's option, to participate in correction and retesting. The final two stages would reinforce the counterparts' mastery of management principles and techniques absorbed during the consultants' residency, and would ensure the capability of the host institution and its personnel to sustain that development without further external assistance.

The range of durations suggested for each stage is intended to accommodate the varying preproject capabilities and system-strengthening needs of different host institutions. It is unlikely that serious, sustainable, management-related institution building can be accomplished in most technical assistance scenarios in less than four to five continuous years of services. Complex projects could easily require twice that duration.[2]

Now contrast that recommended time frame with the deadlines contractually imposed on our UNDP Lao Foreign Investment Advisory Project and on many, if not most, comparable technical assistance projects being planned and executed today. In my experience, one- to two-year project timetables filled with specific production, training, and reporting obligations are the prevailing norm. Additionally, to ensure that consultants take those deadlines with the intended degree of seriousness, many contracts, like our Lao project's contracts in each of its phases, peg installment payments to completion of reports and other deliverables.

What is the message being sent and received by these requirements? Consulting firms, first and foremost, are commercial enterprises. They need to get paid. They understand deadlines. So when TOR speak *philosophically* about long-term institutional development but contractually about one-year phases, a steady stream of short-term deliverables, and installment-payment triggers, firms that wish to survive quickly perceive the client's (or donor's) true priorities. Time frames send an unequivocal message. As a direct consequence, meaningful know-how transfer and sustainable institutional development are tacitly sacrificed.[3]

USING PROJECT PHASING TO ADDRESS TECHNICAL ASSISTANCE TIME PRESSURES AND PROBLEMS

Thus far, this discussion of technical assistance time management has concentrated on laying out time-related problems. Shifting focus from problems to solutions, our Lao project offers a concrete illustration of one common technical assistance strategy for balancing short-term and longer-term interests. As previously noted, the project's initial duration was twelve and one-half calendar months. As also noted, an independent, UNDP-sponsored midterm evaluation team gave high marks to early project achievements but confirmed that more time was needed to consolidate those gains and intensify know-how transfer. A second project phase of similar duration was accordingly authorized and implemented.

Dividing technical assistance projects into phases holds a number of attractions for both donors and clients. For a donor agency funding the technical assistance, a one-year project time frame may satisfy agency funding cycles, greatly simplifying and expediting the appropriation process.[4] That same deadline can be utilized by the donor to ensure consultant discipline and to insist on rapid mobilization and early productivity. A near-term project expiration date, combined with awareness of an early evaluation and extension decision, can work wonders to keep consultants focused and punctual.

Where the donor's host-government borrower or grantee is initially ambivalent about the need for technical assistance, a one-year *package* may be easier to sell than a longer-term or open-ended invasion. Dividing the project into phases permits both the donor and the client to invest incrementally, thereby limiting risk. Such caution may be especially appealing in a country context like our Lao project's, where the government had had little experience in hosting residential technical assistance (particularly for macroeconomic support), where UNDP and World Bank country teams had not frequently collaborated in a sponsor-executing agency relationship, where the management know-how being transferred was relatively new and innovative, and where the selected consulting firm had solid technical qualifications but a relatively limited track record. In such situations, if the consultants' first-year performance is satisfactory, funding approval for an extension will generally be easier to secure than was the initial commitment. Extending the project into a second phase allows time for helping local counterparts to master new management systems and techniques initially introduced by the consultants, time that could not be spared during the brief first phase's crowded program. On the other hand, if that phase-I performance is disappointing or if other project features merit modification, the one-year time limit gives the donor (and client) a contractually convenient opportunity to impose design modifications as preconditions for extending the services into a second phase. And, of course, if the situation is sufficiently negative, the services can be terminated entirely at the end of the first phase, without fear of consultant claims or arbitration.

Similar yet distinct considerations can make phasing equally appealing to consulting firms. If the country is new to the firm, if recent precedents of successful local technical assistance and institution building are lacking, and especially if a fixed-price contract (like IDC's in phase I of our Lao project) puts the financial burden of cost overruns squarely on the firm's shoulders—limiting initial project duration to a relatively brief first phase may constitute welcome damage control. Conversely, having a known-in-advance prospect of continuing its services into a second future phase can be equally attractive to the firm. Consultants like nothing more than a full book of future orders, especially if those orders require no open competition.

Despite this multiparty appeal, our Lao project also illustrates several countervailing *negative* risks that can flow from project phasing. As noted in the previous time-pressures discussion, a one-year phase-I time limit, combined with a heavy agenda of short-term deliverables, necessarily forces all parties—client, donor, and consultants—to defer and downplay potential institution-building objectives. Either explicitly or implicitly in the TOR and at contract negotiations, consultants are given the following message from the donor agency (which presumably also speaks for the project host agency):

> Of course, we recognize that institution building is a long-term proposition. And we accordingly hope that this contract can be extended into a second phase. But we can make no contractual commitments at this point in time regarding that possibility. In large measure that decision will be influenced by your initial performance.

The inevitable—and intended—impact of this message is to focus the donor's and consultants' attention primarily on short-term products and reports and the client's attention primarily on short-term benefits (seminars and study tours, conferences, publications, and equipment). Ironically, by playing it safe in opting for a limited initial time frame, the project donor (and client) make it impractical and even contractually irresponsible for any party to plan or work seriously on longer-term institution-building relationships. In this sense, the two-phase project never in fact becomes a single integrated institution-building exercise, but instead merely a sequence of two consecutive miniprojects, each dominated by short-term priorities and constraints.

A related problem is that a brief initial phase of technical assistance services strongly encourages the consultants to shift from an advisory mode to an operational mode.[5] The main point in this time-management context is that legitimate technical assistance should empower host-country clients, not displace their personnel. Advisory services are congruent with empowerment; operational interventions tend not to be. Yet advising is ultimately an intimate interpersonal process dependent upon the establishment of trust. Such trust takes time to develop, especially where the advisor is foreign and the advisees are highly visible ministers and technocrats taking highly sensitive decisions. A one-year time frame filled with frequent deliverables directly undercuts this potential. Instead it encourages and even requires the consultants to concentrate on producing concrete work products—in effect, to be operators, not advisors. And again, this pressure becomes all the more acute when those products are triggers for periodic installment payments.

A final negative consequence of project phasing is bureaucratic. Even if there is no calendar gap between phases and all parties remain the same, entering a new phase requires considerable approvals and paperwork, within both the donor and client institutions. This takes time and effort, especially by the consultants' project managers. It creates uncertainty and may make it difficult for the consultants' to hold onto all of their first-phase team members during the transition period while extension is being confirmed.

Moreover, where one of the parties is replaced between phases—for example, the donor's executing agency in our Lao project—in this situation the changeover can take more time, disrupt continuity of services between phases, raise awkward questions about consultants' compensation during any interlude, and even force the consultants to make painful choices between repatriating their field team or commencing phase-II services without a new signed contract. In our project the consultants' project manager was forced to return home for three months while the executing-agency changeover was executed. IDC's anticipated revenue stream was interrupted. OPS, the new executing agency, required unanticipated time for project familiarization, complicated by multiple turnovers in supervisory personnel. Differences in contracting norms between the World Bank and OPS transformed what we had thought would be a routine contract extension into a full-blown, and at times contentious, contract negotiation. All in all, the project's prior forward momentum and know-how transfer rhythms were totally lost during this hiatus between phases and took considerable time to regenerate even after phase-II services had begun.[6]

In sum, project phasing, like other technical assistance management techniques employed to solve specific problems, is a solution that, in turn, introduces its own problems. But how might phasing's potential benefits be maximized while minimizing its potential risks? How can we preserve rational chronological sequencing of technical assistance services, progress-pegged incentives for consultant diligence, and parties' mutual opportunities for midterm withdrawal without provoking rushed phase-I performance (and diminished quality), deferred institutional development, and disruptive between-phases hiatuses? One key to this management dilemma may be *how* one structures project phases and *when* that structuring is done.

Many of the phasing problems encountered in our Lao project can be fairly attributed to the contractual form of that phasing, rather than to phasing per se. More precisely, IDC's initial technical assistance contract was for phase-I services only, with a possibility—but only a possibility—of extending those services into a second phase. It was this uncertainty, combined with phase I's brief time frame, that caused most of the time-related pressures and problems just catalogued.

Consider, for a moment, an alternative approach. What if our contract had instead engaged IDC for both phase-I and phase-II services, with a possibility—but still only a possibility—of midterm termination if things were not working out? Still two phases, still strong consultant incentives—in fact, these incentives would be stronger now that phase II would be an in-hand prize to lose rather than an uncertain prize to gain—to exercise due diligence throughout phase I. Solid donor and client instruments would enforce consultant progress and productivity, for example, by setting reasonable targets, by pegging installment payments to those targets, and by reserving reasonable termination rights. But now an entirely different set of technical assistance management assumptions would exist. In place of *we won't go ahead unless things look good*, now the project parties' mutual front-end commitment would be *we will go ahead unless things look bad*. How much easier it would be for the consulting firm to persuade recruited senior personnel (and their families) to accept overseas residential assignments. How much less disruptive of between-phases momentum. How much more conducive to long-term project planning, especially in its know-how transfer and institutional development dimensions.

No party would be irretrievably locked in to this phased contract. Flexible midterm buy-out provisions could readily be drafted in the contract to let the donor, host, or consultants walk away if required by unforeseen changed circumstances or unsatisfactory phase-I performance. Appropriate penalties could be assessed if warranted. But in the absence of insoluble midterm problems, all parties would be committed from the outset to remain partners for the full two-phase duration. No midterm contract renegotiation or funding reappropriation would be necessary. And institutional development could be elevated from an unsupported, deferred ideal to a contractually and financially secured raison d'etre for the entire integrated, two-phase project.

This is not a novel proposal. It is successfully being used by leading bilateral development-assistance donors. If donors' project-funding guidelines permit, doesn't this approach to phasing make superior time-management sense?[7]

THE LONG AND THE SHORT OF IT: COMBINING RESIDENT ADVISORS WITH SHORT-TERM SPECIALISTS

Long-term residential advisors and short-term specialists both bring distinctive, complementary services to a technical assistance project. Each group also brings potential limitations and liabilities. A well-designed and executed staffing strategy can exploit the positive potential and reduce or avoid the pitfalls.

Residential advisors can afford to proceed systematically: learning about local conditions and constraints, precedents, and personalities; establishing and nurturing mutually beneficial advisory and counterpart relationships; planning and executing extended series of linked technical assistance activities. By remaining continually on site for prolonged periods, they can be available and responsive to advice-seeking clients. They can render prompt actual-case assistance whenever the need arises—not merely during intermittent troubleshooting interventions. They can accommodate inevitable slippages in project calendars. After some time in the field, residents become stewards of the project's institutional memory, remembering what was already tried in the past, what worked and what didn't, and why or why not. They maintain the big picture and can coordinate short-term interventions to serve that longer-term agenda.

On the other hand, keeping consultants in the field for months or years can present clients and donors with offsetting risks and costs. Long-term positions are much more difficult for consulting firms to fill than are short-term positions. Almost no firms are large enough to make permanent members of their staffs available for long-term field assignments (even though donor agencies tend to prefer use of permanent staff in order to improve firm accountability and control). As a result, they must recruit from the marketplace. And that recruitment is invariably arduous. For one thing, field-proven resident advisors are a rather rare breed. To a much greater degree than short-term specialists, they require managerial and leadership experience, diplomatic and cross-cultural sensitivities, training and know-how-transfer skills, and host-country language capabilities, in addition to first-rate technical expertise. For another, few international experts are willing to remain in the field in a developing country for a year or more of residential service. (As intimated in the preceding two-phases discussion, a one-year project duration can make recruitment even more difficult. It is too long to treat as a temporary assignment or to be away from one's family, but it is not long enough to justify moving all personal effects or to easily change dependent children's schools.) The individuals who *do* combine the requisite skills with willingness to serve are often unavailable when needed, either because they are finishing up a prior assignment or already booked in advance to take up a new one. The unwelcome consequence for a project client, donor, and consulting firm may be that only second-choice or even third-choice candidates have to be accepted.

Residential technical assistance is obviously also expensive. In fact, long-term person-month rates are normally lower than short-term rates, but those continuous months quickly add up. Long-term consultants may be less highly motivated to start their field work quickly or to produce prompt results. They may slide—willingly or unwillingly—from advisory into operational roles. And all too often, as their tours near an end, they may be tempted to try to create extension opportunities for themselves rather than to vigorously transfer know-how to their counterparts. (Alternatively, or in addition, they may start concentrating their professional energies on securing a new berth in the postproject market.)

Not surprisingly, short-term specialists present an inverse package of assets and liabilities. They can offer highly specialized technical skills (whereas a resident may be more of a generalist). They do not have to be kept on a project payroll for an extended time. Instead, they can be shunted in for intensive interventions precisely when needed and then quickly released again to their permanent home-country institutions. Their project time limits strongly encourage them not to dally but to hit the ground running. And if they are veterans, they are accustomed to producing quality work products under difficult conditions in remarkably few days or weeks.

On the minus side of the ledger, short-term consultants may be impulsive and impatient. They may be inclined to force local problems into preconceived molds, to import off-the-shelf technical assistance solutions, to espouse—or at least give the appearance of espousing—a "seen one, seen 'em all" mentality. Their fierce time constraints may incline them to make demands for information, access, or support that host institutions are unaccustomed to and even unable to grant. For similar reasons, they may resist exploring alternative diagnostic paths or developing alternative solutions—instead limiting their focus to what is doable though incomplete. Their perspective is likely to induce them to be mechanics rather than mentors—repairing a machine or procedure rather than training a counterpart how to repair it. And if short-term consulting in a wide variety of developing countries is their chosen milieu, these experts may lack deep interest in, respect for, or sensitivity to the particular values of any single host country.

Fully aware of these time-related staffing opportunities and risks, IDC opted in our Lao project for a team approach designed to capture the best of both worlds. For its long-term project manager/resident advisor, the firm recruited an international development consultant with technical legal qualifications including legislative drafting and negotiating expertise, subject-matter know-how including foreign-investment and institutional development, fifteen years' field experience, much of it in Asia, extensive short-term consulting experience for and within the World Bank, and strong training credentials, particularly midcareer, in-service training for developing-country professionals. IDC's short-term specialists were then hand-picked for complementary technical and sector-specific expertise: foreign investment promotion, civil law commercial contracts, multinational corporations' investment strategizing, mineral investment negotiation and contracts, bilateral investment treaties, agribusiness marketing, ecotourism planning, and so forth. All phase-I specialists had performed prior successful services for IDC. Many phase-II specialists were long-term professional colleagues of IDC's selected project manager. Through this shared history and familiarity, the firm was able to avoid the risk of recruiting strangers who looked impressive on paper but who might prove incompatible or unreliable in practice. (Of course, familiarity in the absence of competence can be an excuse for rank nepotism—a discredit to any reputable firm and a costly disservice to its client. Fortunately, in our project, each member of IDC's expatriate project staff had independently verifiable international credentials.)

During both phases of our project, IDC's Paris-office project coordinator took full responsibility for the short-termers' subcontracting and payments, in order to ensure IDC control and consistent treatment. During both phases, IDC's project manager/resident advisor, in turn, took responsibility for all in-country logistical support. That support extended from on-arrival greeting and briefing, to local accommodations and transport, to introductions to and appointments with key clients and counterparts, to providing necessary documentation, translation, and clerical services. IDC's operating assumption was that its resident team (i.e., the project manager and local staff) were better positioned than the specialists to make on-the-ground logistical arrangements for the visitors, and that the visitors' productivity and peace of mind—not to mention the firm's budget—would be better served by permitting them to devote their undiluted in-country energies to substantive performance.

Every effort was made to integrate our short-term specialists into the ongoing project work. They were treated by the firm as full members of an ongoing team, rather than as miscellaneous outsiders. Toward this end, their missions were scheduled, for example, to permit them to contribute to counterpart workshops as guest instructors in addition to performing their principal technical tasks. This approach enhanced the specialists' sense of welcome and contribution but also created reciprocal obligations on their part to fit into the project's full technical assistance agenda and to respect ongoing rhythms and local sensitivities. Simultaneously, it gave our Lao client an operational context in which to place each successive newcomer. Our FIMC counterparts knew in advance of each short-term mission who was expected to arrive and how he or she was expected to help carry forward the work in progress. Reciprocally, our host agency's active participation in finalization of all missions' timing created an implicit obligation to have key counterparts, data, and materials ready and available. Looking beyond specific preparations, this integrated staffing assured IDC's host client and donor that the firm was maintaining continuity of service and accountability. In short, we devoted so much effort to facilitating short-termers' integration not merely or even primarily to make them feel good but because we recognized that they were a precious resource that could make optimal contributions to technical assistance effectiveness only if they were given optimal support.

Still in the interests of integration, resource maximization, and synergy, IDC's staffing approach placed strong emphasis on organizing repeat interventions by the same small core of specialists. Repetition permitted our short-termers to introduce foreign investment management innovations on one visit and then offer consultative troubleshooting assistance on follow-up visits. It gave the specialists on the one hand, and our field team and FIMC counterparts on the other, a mutual interest in keeping in touch by fax and mail during the interludes between visits. In this way, the specialists could be reflecting and gathering materials when at home so as to be more effective on their return to Vientiane.

Repetition enabled the client, the donor, and the firm to reap downstream benefit from the valuable time and effort spent on thoroughly briefing each specialist about local conditions and constraints during his or her initial visit to Vientiane. (If they'd been coming only once, we might have been tempted to forego or gloss over these sensitizations. I am convinced that the quality of technical assistance would have directly suffered.) Using return personnel avoided the need for complete introductory briefings each time a specialist appeared. Current updates sufficed. Specialists' resulting familiarity with the on-site environment enhanced the ease of each institutional reentry. It enabled even the short-term members of IDC's project team to enter into serious counterpart relationships with FIMC colleagues, and to feel they had a personal stake in the FIMC's institutional development.

SEIZING MOMENTS OF OPPORTUNITY

Appropriate techniques for effective time management in technical assistance projects are not limited to planning realistic time frames and designing staffing patterns of varying duration. At least equally important, especially for institution-building purposes, is remaining alert to recognize moments of opportunity and then exploiting those opportunities.

The Right Technical Assistance for the Right Time

Our Lao project received consistently favorable evaluations from the host government, both donor agencies, the diplomatic community, and many prospective and licensed foreign investors. A major reason for that success was that this was the right project for the right time. The government, the UNDP, and the World Bank can all share credit for that timing. In 1990 when the project was conceived and planned, the government's open-door policy or New Economic Mechanism was just gathering speed. A respectable beginning had been made on erecting a Lao foreign investment management system, by adopting baseline legislation and regulations in 1988 and 1989. A new licensing agency was up and running (the FIMC), but its professional secretariat was just being organized. Some early investment had been attracted, but too little of it came from internationally respected firms. Early feedback from enthusiastic—as well as unconvinced—prospective investors was highlighting remaining investment barriers. Initial macroeconomic (structural adjustment) credits had been granted by the World Bank and the International Monetary Fund, and a second round was under active discussion.

All of these developments and trends conspired to create an optimal climate for injecting technical assistance to help strengthen the government's foreign investment management system. The forward momentum was accelerating for economic transition in general and for more private-sector participation in particular. More important, that momentum had been domestically engineered, at the highest levels of Party and government leadership. In no way was it a foreign import. The donor agencies were thus able legitimately to lend support to this local initiative, rather than imposing unwelcome structural adjustment conditions or strictures. One year earlier would probably have been too soon for this technical assistance to win enthusiastic government support. One year later would have made it more difficult to propose fundamental changes in investment policies, institutional structures, and procedures after preproject practices had become entrenched. The timing was perfect. Seizing this moment paid handsome dividends for the client and the donors, and made things dramatically easier for the consultants.

A second opportunity took longer to evolve and mature. Our project began preliminary work on proposals for amending the original Lao foreign investment law as early as the spring of 1991. But the time was not yet right. First we had to win the overall confidence of the FIMC and its Permanent Office. A new Constitution was also occupying lawmakers' priority attention. (It was enacted in August of 1991.) A systematic analysis of investment barriers had to be completed, pinpointing those problems that could be directly addressed through legislative amendments. The FIMC leadership also asked that the consultants conduct comparative research to confirm that the amendments being recommended were consistent with the best current international practice. (They were.) The administrative burden imposed on the FIMC Permanent Office and on the FIMC itself by the increasing volume of foreign investment license applications had to become sufficiently oppressive to demand prompt action. Research on the fiscal regime had to be done to reveal the intolerable lack of income tax revenues generated by foreign investments under the existing legislation. A new National Assembly had to be elected and organized before it could hear and pass legislative reforms.

All of these developments took time; all required inputs and decisions by multiple institutions. Our project could not unilaterally generate forward momentum or even markedly accelerate the pace. What we could—and did—do while the law reform stew was simmering was to facilitate an ongoing informal dialogue within the government. This stimulation steadily built up support for the proposed changes, so that by the time formal adoption was ready, a full consensus had been formed among all concerned ministries and interest groups. This was a real example of organic institution building. It required patience, persistence, and opportunism.

Waiting for Teachable Moments to Spark Effective Know-How Transfers

Still another application of this same moments-of-opportunity principle involves waiting for teachable moments in counterpart relationships. Successful know-how transfers require ready, willing, and able transferees. It is not sufficient for some top-ranking minister to give technical assistance consultants a mandate. At the working level, the local professionals must also see self-interest in cooperating for change. The potential benefits must justify the perceived risks, effort, and investment. Management know-how is not a pill that can be forcibly administered. Until the host institution's permanent staff are ready to digest the proposed change, any consultant initiatives will remain strictly extraneous.

In our Lao project context, the best example of this phenomenon was provided by our long-term efforts to assist the FIMC in strengthening its capacity to negotiate major mining investments. In the absence of a national mining law, each mineral project in preproject Laos had been defined by its own contract-of-work. Under this approach, exploration and development timetables, geographic areas for exploitation, fiscal and profit-sharing regimes—the complete panoply of structural and operational rules—had been all fully open for negotiation on a case-by-case basis. This situation was placing the Lao Government representatives charged with responsibility for negotiating major mineral investments at a severe disadvantage. Foreign mining companies' negotiating teams would typically bring to the bargaining table highly complex, 150-page draft contracts, in English, carefully crafted to maximize unilateral benefits and minimize the companies' risk. These contracts would be defended by the companies' sophisticated commercial lawyers who had drafted them. Sitting across the table, small, frequently underprepared, ad hoc teams of FIMC negotiators would struggle to digest this technical material, spot the key issues and problems, and propose appropriate alternatives. The Lao negotiators lacked international experience and access to precedent data comparable to that of the company representatives. Moreover, while trying to devote concentrated blocks of time to these major, intensive negotiations, they were simultaneously expected to continue performing their *routine*, full-time regulatory duties.

From its earliest days in Vientiane, our IDC project team attempted to begin equalizing this bargaining process by bringing in short-term specialists, advising on negotiations, collecting comparable third-country contract terms, critiquing companies' drafts—anything to help the FIMC to avoid signing disastrous early agreements that might later become crippling precedents. And while striving to "fight fires" in the form of in-progress negotiations, we also started laying foundations for longer-term capacity-building.

At the outset, our offers of fire-fighting assistance were mostly rebuffed by the FIMC, possibly for any of a combination of reasons that must have seemed locally valid. For example, our FIMC counterparts may have wished to avert revealing the limits of their own technical knowledge—to their superiors even more so than to their consultants. They may not have fully trusted their expatriate advisors' grasp of local constraints or those advisors' allegiance to Lao interests. Their hesitation may have sprung from a deep-rooted cultural, historical, and political passion for self-reliance. Whatever the explanations, the moment of receptivity had emphatically not yet arrived.

Gradually, however, true collaboration was generated. Negotiation workshops were conducted under the project. Limited consulting advice was solicited by our counterparts, and was given by our team on specific contract provisions and parties' evolving positions within ongoing negotiations. A field trip was organized by our project to Indonesia's Mining Ministry where our Lao counterparts received strong encouragement from their more experienced Indonesian hosts to begin utilizing expert negotiating advice as soon as possible in all major mineral deals. Intimate counterpart relationships were nurtured between Lao negotiators and project experts. Companies' negotiating strategies were detected and addressed. Commissioning quick-response computer runs improved the Lao teams' ability to quantify the financial impact of companies' fiscal proposals. Joint FIMC-IDC work was launched on standard-form Lao mineral contracts. Increasingly welcome advice from IDC consultants demonstrably contributed to improving contract terms. By the end of the project, with the FIMC, its Permanent Office, and its Ministry of Industry colleagues still unilaterally and unequivocally in charge, project consultants were at last able to regularly render effective support—as respondents, no longer as *intermeddlers*.

It is only fair to concede that it is entirely plausible that the Lao pace of accepting this know-how transfer may well have produced more sustainable institutional development—and better mineral agreements—than the consultants' preferred strategy of early full-scale *intervention* by expatriate experts. This is not to say that our IDC specialists were insensitive to our

Lao clients' sensibilities. They were not. But even sensitive technical assistance cannot be effective if local clients are not ready to receive it. The time must be right.

Retaining Flexibility in Technical Assistance Programming to Accommodate Inevitable Delays

In the Lao environment of the early 1990s, it proved almost impossible for IDC's consultants to fix the dates of project milestone events far in advance and then to expect those dates to hold. As mentioned in the earlier *force majeure* discussion, there simply were too many intervening forces at work that were utterly beyond FIMC and IDC control. The government was being totally reorganized, cabinet portfolios reshuffled and ministries restructured. A national Constitution was being adopted, and as a direct result, a National Assembly was being elected and started up. The president died. All of these historic events directly or indirectly affected foreign investment management and its supporting technical assistance. Ministers' availability for and participation in international study tours and investment-promotion forums were constantly in doubt, sometimes right up to the moment the plane was leaving Vientiane Airport. Planned government presentation of the new foreign investment law to the National Assembly for approval was postponed not once but for four consecutive semiannual Assembly sessions.[8]

Our project coped with these and less dramatic scheduling surprises with only uneven success. Four factors helped us most to achieve and maintain the requisite degree of patience and flexibility:

(1) Consistently sympathetic and supportive FIMC leadership;

(2) A consistently flexible and supportive UNDP resident representative;

(3) A consulting firm and resident advisor who were able to remain available despite repeated postponements of completion of phase-II services that ultimately stretched to seventeen months; and

(4) Planning and executing a full multitrack agenda of technical assistance activities so that when one track was blocked there was more than enough work that could continue moving forward on two or three other tracks.

In the end, essentially all of the initially planned technical assistance inputs and outputs were delivered, as well as several additional products and services not originally contemplated. It is possible that the most apt moral of this story is a reiteration of an earlier theme: institutional development is never swift or predictable. It follows that technical assistance clients, donors, and firms simply must find the flexibility, determination, humor, and patience needed to stay aboard the train for a long and bumpy ride.

Serendipity

A final item in this brief catalogue of time-related technical assistance management issues raised by our Lao project can be presented under the label of *serendipity*. Defined by the dictionary as an aptitude for making desirable discoveries by accident, this term has come to more broadly refer to good fortune or good luck. Technical assistance consultants (and donors) may prefer to think that all of their activities can be planned in advance. But certainly our project reconfirmed that highly significant opportunities can appear by good fortune. The trick at those moments is once again to be sufficiently alert and flexible to seize those opportunities.

Three examples help to illustrate this principle and attendant management attitude. In the early days of our project, our IDC team discovered that the Harvard Institute for International Development (HIID) was keen on offering foreign investment training services to the FIMC. In fact, one key member of the available HIID team was already under consideration by IDC as a short-term specialist. Duplicative or competitive technical assistance is wasteful in any setting. But for a Lao institution employing only a half-dozen permanent professionals and already contractually committed to hosting a full-time residential advisory team, it would have been overwhelming. In these circumstances, the project consultants reached out to HIID by international telephone and fax, having first obtained FIMC approval to make this contact. A thoroughly cordial joint-venture was rapidly crafted that enabled both IDC and HIID to offer the government more in tandem than either could have done unilaterally.[9] When opportunity knocked, this Lao door, too, was open.

In a similar spirit of technical assistance cooperation, the Asia Foundation's regional office in Bangkok, Thailand, was, in 1991, exploring alternative channels for sponsoring technical assistance services to the Lao Government for economic institution building. Through a working partnership with the UNDP and our project, the Asia Foundation channeled its interest and resources into a cofinancing mode. The tangible results included

Asia Foundation support for:

- A one-year seed-money grant to launch the FIMC's investment-promotion journal (which thereafter became self-supporting through advertisements and sales);
- Office equipment and furniture for a new FIMC Investor's Service Center;
- Production and distribution of an FIMC audiovisual presentation;
- All international travel expenses associated with the just-mentioned Harvard Study Tours; and
- Lead financing of a sectoral investment opportunities conference in Vientiane on environmental and cultural tourism.

In all, over $100,000 in Asia Foundation funding was received by the FIMC over a two-year period. The FIMC and our UNDP project both greatly benefited from having access to the Asia Foundation's quick-disbursing, minimum-paperwork, small grants. (In technical assistance, small sums can frequently do a disproportionate amount of good but large donors cannot easily disburse them.) In return, the Asia Foundation was able to attach its inputs to an ongoing, successful, much larger technical assistance program, thereby greatly multiplying the positive impact of these contributions.

As a final example of serendipity, the FIMC and its IDC consultants became aware in the summer of 1991 that the Asian Development Bank and Thai private-sector organizations were preparing to cosponsor a Bangkok conference on foreign investment opportunities in Laos. By persuading the cosponsors to involve the FIMC and our project as active partners in this event, the Vientiane parties were able to give the conference much greater visibility and credibility, and reciprocally to seize an opportunity for Lao public-sector and private-sector leaders to tell the Lao investment-promotion story in their own terms, with their own voices. The result was that over 400 representatives of prospective foreign investors heard this Lao message, and many followed up with Vientiane visits and eventual license applications. Equally important, conference participation imposed no financial burden on the FIMC or on the project and yet presented an invaluable opportunity for strengthening presentational skills. These skills were then later put to effective use in project-sponsored and financed international forums and sectoral conferences. In this way, our Bangkok debut became a dress rehearsal.

TECHNICAL ASSISTANCE TIME MANAGEMENT: LESSONS LEARNED AND REAFFIRMED

Table 3.2 lists time-related technical assistance lessons recommended for clients, donors, and consultants. Some echo themes sounded in Chapter Two's discussion of project planning, staffing, and design. The others flow directly from the present chapter's synthesis of time pressures and problems and of responsive time-management strategies and solutions.

Lessons for the Client

Insist that technical assistance project time frames are congruent with local realities. Local realities include conditions and constraints, both within and beyond your host agency. They include climatic and cultural considerations. Especially given the typical zeal of donor agencies' project staffs for planning action-packed projects, and the absence of consultants' representatives from those initial planning sessions, you are the only party involved in project planning who has the knowledge and self-interest to temper that zeal with feasible time frames.

If, instead, your agency passively approves a donor's infeasible schedule, be forewarned that the probable negative consequences will include the following, among others:

- The consultants' responding to that required timetable by making impossible-to-satisfy demands on you and your agency for quick supply of comprehensive local data, for the full-time availability of counterpart personnel, and for ministers' prompt turnaround on all project-related decisions—certain recipes for continuing conflict and reciprocal recriminations;
- Pressure on those same consultants (and especially their short-term specialists) to assess local needs and produce findings and conclusions before they have had adequate time to understand the local environment—certain recipes for impractical recommendations based on off-the-shelf imported experience; and
- The risk of negative evaluations of the project—and criticism of you and your agency, among others—when, as will be inevitable, locally unrealistic project target dates for project milestones are missed by the consultants and their counterparts.

The point here is not to displace the donor in the planning process. The donor is your agency's invaluable partner in technical assistance project planning. In all likelihood, for example, the donor has superior knowledge of international consulting firms qualified to do your particular job and superior knowledge of prevailing international rates. But you, in turn, have superior knowledge of what pace of technical assistance execution is feasible given locally prevailing conditions and constraints. Both perspectives are essential for sound technical assistance management. Don't abdicate your time-related responsibilities.

This same stewardship over time-related variables should, of course, continue after project planning and consultants' selection as well as during design and execution of the technical assistance services. During these periods you can enhance your consultants' productivity and punctuality, as well as their ability to respond to inevitable delays, by such client initiatives as the following:

- Reserving sufficient time of ministers and senior counterparts during the consultants' start-up period to familiarize the consultants with client expectations and local conditions and to collaborate fully in technical assistance needs assessment;
- During start-up and later during implementation, alerting the consultants to national and governmental developments, seasonal climatic changes, and other foreseeable local risks that you anticipate may impede project progress; and
- To the extent feasible, planning your host-agency schedules in advance in order to give appropriate priority to project activities (for example, making ministers available for overseas travel and senior technocrats available for on-site workshops, etc.).

Insist that project time frames are sufficient for complete and sustainable technology transfer. Remember the recommended stages and pacing of the technology transfer process. Remember the impossibility of quick institution building. Remember how consulting firms will interpret your priorities if your project plan and TOR emphasize crowded short-term agendas and progress payments pegged to early deliverables, deferring institution-building objectives to pious end-of-project hopes divorced from contractual incentives or obligations.

If project phases are considered necessary or appropriate, structure them as positive management tools, not negative hazards. From the project's outset, commit all parties—client, donor, and consultants—to staying together through the course of all phases, barring unforeseen negative developments, rather than limiting their initial commitment to a single phase to be followed by potential future extension. Structure the phases as a logical sequence of services and progress, with benchmarks en route. Protect all parties against getting trapped in an unsuccessful marriage by building in reasonable between-phases buy-out options.

Lessons for the Donor

All of the preceding lessons that have been recommended for technical assistance clients can also be fruitfully applied by donor agencies, with appropriate adjustments of perspective. On the basis of our Lao project experience synthesized above, one additional time-related suggestion can be offered specifically to donors.

Avoid the temptation to manipulate time-related requirements in order to accomplish a nontime-related objective. Don't impose excessive time-related demands on project consultants, either to impress your superiors that your project is being vigilantly supervised or to impress the consultants that you are monitoring their every move. Overloading consultants' TOR with too frequent progress reports, for example, simply diverts precious time and energies to faithfully documenting irrelevancies. Such Christmas tree ornaments give meaningless, self-serving reassurances. Similarly disruptive and self-defeating are too detailed requirements that named-in-advance project events—training workshops, study tours, publications, and such—be conducted in strict accordance with fixed implementation schedules. Any experienced consulting firm can jump through these hoops, especially if required to do so to receive progress payments. But the technical assistance host agency and genuine sustainable development will be the chief victims of any such ill-conceived attempts at supervisory discipline. Put your stopwatch away. Don't be a time-management martinet.

Lessons for Consultants

Again, consultants, too, can fruitfully apply all of the time-related lessons recommended above for host-agency clients, although, realistically, firms will generally have less leverage over these variables than either clients or donors. Two additional lessons, however, can be highlighted for consultants' particular attention.

Combine long-term and short-term personnel in integrated technical assistance project teams to maximize their respective potentials. The preceding Lao project discussion offered a dozen examples of how this principle can be fruitfully applied. Review this material when structuring proposals, estimating budgets, recruiting candidates, and supervising your field teams. Recall how long-term and short-term advisors both bring distinct contributions to a technical assistance assignment. Remain vigilant to each group's distinct risks for your firm and for the project. The potentials for reciprocal synergy are real and potent. Each group can dramatically enhance the other's effectiveness. This is not an *either-or* staffing proposition. The long and the short of technical assistance are both needed for a job well done.

Recognize and seize moments of opportunity. Aggressively pursue projects that offer optimal moments for feasible, high-impact technical assistance intervention. Once selected, exploit teachable moments to spark effective know-how transfers. Retain flexibility to accommodate unforeseeable—but inevitable—implementation delays. Choreograph multiple tracks of simultaneous services. Be positioned to take advantage of serendipity.

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No single party—and sometimes not all three parties together—can absolutely control most time-related variables in technical assistance projects. There are too many unknowns, too much *force majeure*. But much can be done to avoid creating unnecessary time problems and to avoid making necessary pressures worse. Many time-related variables can be influenced or turned to the project's advantage. With realistic preparation during project planning and design, calm flexibility during project implementation, and genuine interparty cooperation from start to finish, time can be much more a friend than an enemy of effective technical assistance managers.

Table 3.1 A sample sequencing and time frame for institution-building technical assistance stages

Stage	Possible duration (Working Years)	Main function and activities
1	1/2-1	Needs assessment and design finalization
2	1-2	Know-how introduction
3	1-2	Trial operation
4	1-2	Routine maintenance
5	1-3	Downstream troubleshooting
Total duration	4 1/2-10	

Table 3.2 Lessons from Laos: technical assistance time management

Lessons for the client

- Insist that technical assistance project time frames are congruent with local realities.
- Insist that project time frames are sufficient for complete and sustainable technology transfer.
- If project phases are considered necessary or appropriate, structure them as positive management tools, not negative hazards.

Lessons for the donor

- Avoid the temptation to manipulate time-related requirements in order to accomplish nontime-related objectives.

Lessons for the consultants

- Combine long-term and short-term personnel in integrated technical assistance project teams to maximize their respective potentials.
- Recognize and seize moments of opportunity.

NOTES

[1]Refinements of this basic technology-transfer model and of its applicability to institution-building technical assistance will be developed in Chapter Five. Here the concept is simply being introduced to help emphasize institutional development's time demands.

[2] In fact, this may be a low-end estimate. Cooper reports that "most institutional development is thought to require a 10- to 20-year perspective," p. 40.

This same recognition has led other commentators to recommend that technical assistance donors and clients ought to shift their attention and support from project-based to program-based assistance. In this context, Rondinelli (p. 536) defines the essential characteristics of a program-based approach as:

> ...developing stronger linkages with ongoing activities of the host government; improving policymaking procedures and operational systems in government agencies...achieving specific sectoral or intersectoral development objectives; and cooperating with other bilateral and multilateral technical assistance activities in the [host] country.

By contrast, Gow and Morss are not convinced. They believe that most criticisms legitimately leveled at projects go more to defective project design and implementation rather than to inherent flaws in the project as a structure for delivering technical assistance services. Moreover, they detect offsetting advantages from projects' limited time frames, including assistance in focusing resources on priority problems, allowing flexibility when the initially chosen approach loses its promises, breaking a problem into manageable segments, and helping to clarify trade-offs among different potential actions, pp. 1415-1416.

Regardless of whether a project or program framework is adopted, the key prerequisites for realistic institution-building technical assistance include all parties' early recognition and adoption of an adequate time line and organic integration of the technical assistance intervention into the host agency's institutional environment.

[3] Know-how transfer will be examined in detail in Chapter Five, sustainable development in Chapter Six.

[4] As an aside, in our Lao project, IDC was originally informed that UNDP funding cycles necessitated limiting consultancy contract commitments to one-year increments; for example, all phase-I contracts under the NEM Support Program. (For a comparable assertion that the UNDP's reliance on voluntary contributions from member states discourages its making any firm multiyear budget commitments for funding technical assistance, see Oshiba.)

Subsequently, however, I was assured by the UNDP authorities that no such policy constraint in fact existed. My inference was accordingly that all the parties that had collaborated in planning this program—the government, the UNDP, and the World Bank—had agreed on an initial one-year time frame in order to test these relatively uncharted technical assistance waters before diving in more deeply. Some practical implications of that phasing decision follow.

[5] This topic will be addressed and developed in Chapter Four, An Intractable Role Dilemma: Consultants as Advisors or Operators, beginning at page 85.

[6] Additional technical assistance management implications of changing horses in midstream will be discussed in the context of project parties' roles and relationships in Chapter Four, Technical Assistance Parties and Other Interest Groups: Recognizing and Dealing with the Key Institutions and Individuals.

[7] To link this concept to our previously discussed five-stage know-how transfer calendar (Table 3.1 and the accompanying text), the midterm demarcation between phases might be located either after Stage 2 (know-how introduction) or Stage 3 (trial operation). To enhance all parties' buy-out flexibility between phases, the former option might be preferable.

[8] The chief explanation for these delays was that the newly elected national legislature took longer than anticipated to organize its internal structures and procedures and to pass the government budget before being ready to proceed with legislative hearings on investment management and other statutory reforms.

[9] The resulting twinning relationship and overseas study tours will be described in detail in Chapter Five.

CHAPTER FOUR

WHO'S WHO IN TECHNICAL ASSISTANCE: PARTIES AND INTERESTS, ROLES AND RELATIONSHIPS

Some Recommended Principles for Advising Client Decision-Makers

- Know your place.
- An advisor's effectiveness increases in direct ratio to the client's trust.
- Client trust must be earned and must be protected by confidentiality.
- In public, the advisor should be invisible.
- Mutual respect is not essential, but, if genuine, it can powerfully enrich the advisory relationship.
- The best advice is brief and practical.
- The best advice is culturally appropriate and cross-culturally sensitive.
- Third-party interpretation should be avoided whenever possible.

Deserving the most careful consideration by technical assistance managers as soon as field work begins—and preferably earlier during project planning and preliminary design—is the cast of characters in the technical assistance performance. Which parties and other interest groups will be most affected by the assistance? What are those institutions' chief technical assistance objectives, expectations, and concerns? In terms of technical assistance decision-making and execution, who are the key individuals within each of those institutions? What technical assistance roles will be necessary and appropriate for those institutions and individuals to play? And how can effective working relationships between them be structured and conducted to enhance the quality and impact of technical assistance services?

This is no idle guessing game. Who's who in technical assistance largely determines who controls, who can help, and who can hinder the form, content, pace, and impact of projects and services. These are the reins of power that effective technical assistance managers must strive to identify and influence.

TECHNICAL ASSISTANCE PARTIES AND OTHER INTEREST GROUPS: RECOGNIZING AND DEALING WITH THE KEY INSTITUTIONS AND INDIVIDUALS

Institutions

Every technical assistance project involves three sets of institutional players. As diagrammed by Figure 4.1, at the core are the principal parties—typically a host-agency client, a donor (or the donor's executing agency retained for project supervision), and a consulting firm. In large and complex projects, multiple entities may represent any or all of these players. Many discussions and studies of technical assistance management limit their attention to these three sets. But while uniquely engaged and important, core parties are not the production's entire cast, merely its stars. Two broader networks of interest groups are also vitally significant.

An inner circle encompasses major supporting players, institutions having direct legal and financial ties to the parties. If the technical assistance client is a government, then the host agency's close relatives might include, for example, the agency's institutional parent, organizational affiliates, and the government organ charged with donor liaison. If the project donor has delegated immediate supervisory responsibilities to an executing agency, then the donor might be hovering in the inner circle, not so directly involved as its agent but nonetheless keenly interested.

To illustrate this typology, Table 4.1 matches a generic roster of parties and interest groups with specific examples from our UNDP Lao Foreign Investment Advisory Project. Thus, in our project, the principal parties were the FIMC and its Permanent Office as the government's host agency and the project's client, the World Bank (in phase I) and OPS (in phase II) as the donor's executing agency, and IDC as the project consultants.

Our inner circle of interest groups embraced several institutions in the government camp. The FIMC's institutional parent was the Council of Ministers (or the prime minister's cabinet). A close affiliate was the agency that provided an institutional home for the FIMC's Permanent Office: initially the Ministry of External Economic Relations (MEER) when the project began, later the Committee for Planning & Cooperation (CPC). Also actively interested in our project was the government unit responsible for liaison with all multilateral and bilateral donor agencies in development-assistance projects, MEER's Department of International Relations. In the donor camp, meanwhile, the inner circle was actively occupied by the executing agencies' patron and the project's funder, the UNDP, particularly as represented by the UNDP's resident mission in Vientiane.

Shifting focus beyond the inner circle, a broader, looser array of additional interest groups can also be identified: institutions not so directly involved in the technical assistance project—by contract, financing, organizational affiliation, or a combination of these—but still keenly concerned about its evolution and success. These extra players in the drama can exert considerable influence over project implementation and impact. In this outer circle are typically found, for example, other agencies of the client government, private-sector constituents of the host agency, and other technical assistance projects and their donors. Table 4.1 again provides illustrations.

Outer-circle institutions actively interested in our Lao project included, as a representative sampling: a dozen ministries and authorities of the central government; state-owned enterprises scheduled for early privatization; provincial and municipal governments; prospective and licensed foreign investors; foreign contractors and suppliers doing business with investment projects without investing directly themselves; domestic investors not themselves subject to FIMC jurisdiction but interested in potential joint ventures with foreigners or in winning incentives from the government comparable to those being offered to foreigners or both; the Lao National Chamber of Commerce & Industry that collectively represented local private-sector interests; numerous other donors, technical assistance projects, and affiliated consulting firms; and foreign governments' Vientiane embassies performing investment-monitoring and liaison functions.

Individuals

The key players in technical assistance dramas include individuals as well as institutions. To cite but two examples, most technology transfers and institution building succeed or fail primarily at the individual level.[1]

Within a project's principal parties, three vertical tiers of personnel can be typically distinguished: top-level policymakers and decision-makers, midlevel professional technocrats and project staff, and administrative and clerical support staff. As diagrammed by Table 4.2, for the project's host-agency client, the top tier of government leadership most directly involved in technical assistance management often includes ministers, vice ministers, or officials of equivalent rank. Donor-agency department heads or division chiefs or both and consulting firms' home-office project coordinators also occupy this first tier.

The middle tier contains host-agency managers and professional counterparts, donor-agency project supervisors, technical assistance and contract officers, and consultants' field teams (including on-site project managers, resident advisors, and short-term specialists). The most actively involved support staff are likely to be administrative and clerical personnel in the client-government's host agency, the donor agency's home office (and resident mission, if applicable), and the consultants' home office and field office. Again the table's right-hand column illustrates these generic categories with specific examples from our Lao project's cast of characters.

Technical Assistance Management Implications of These Observations About Parties and Interest Groups

The preceding synopsis of technical assistance project institutions and individuals was mainly descriptive. How should technical assistance managers make practical use of this typology? Gaining awareness of players' existence, agendas, and potential contributions is the first step in exploiting these resources. The second step is knowing how to effectively execute that exploitation.[2]

Institutions. With regard to technical assistance project institutions, the most important principle for managers is that *the principal parties are the main story but not the whole story.* The supporting cast of interest groups can exert powerful influence on the principals and on the project, through formal and informal affiliations and allegiances exerting explicit and tacit claims. Sound technical assistance planning, design, and execution must take into account this larger universe.

To cite a painful example from our Lao project, in conducting our design and reporting responsibilities our IDC project team limited its governmental contacts almost exclusively to our host-agency client, the FIMC, and to the FIMC Permanent Office's host institution (first MEER and later CPC). Although vaguely aware that MEER's International Relations Department was the official liaison unit for all government relations with donors, we neglected to keep that department informed of our progress and to seek their views on our approach. This was a major oversight. Not only was that department directly involved in all government-UNDP relations, under the terms of the bilateral agreement that specifically authorized our project, the department was contractually obligated to chair annual formal evaluations. By excluding them from the reporting loop, we deprived both our client and our donor of a valuable potential source of monitoring data. Obviously, we should have attended to this department's existence, legitimate interest, and sensibilities. This omission rudely haunted us when a department representative at our project's phase-I evaluation meeting complained about our team's incommunicativeness and went so far as to question the merits of continuing the project into a second phase. Fortunately, we were able to correct this blunder and be more responsive in phase II. But the anecdote illustrates the perils of restricting one's management attention to principal parties to the exclusion of inner-circle interest groups.

Equally important is attending to sensibilities and perceived self-interests *even between a principal party and its own inner-circle affiliates*. Upon first impression, one might assume that such internecine relations are strictly internal and, as such, of no concern to other parties. In practice, however, those parties' technical assistance managers cannot afford to ignore even such private matters.

In phase I of our Lao project, for example, the World Bank was the UNDP's executing agency. The Bank appeared to assume that its superior macroeconomic management experience and direct contractual relationship with IDC entitled it to exclusive control of the consultants' communications. Specifically, since the Bank envisioned IDC as its subcontractor (and the UNDP as the Bank's client), it preferred to clear all IDC work products and substantive messages before they were shown to the Lao Government or to the UNDP. In terms of submission, approval, and rerouting of major reports, this required channeling was feasible, if limiting and time-consuming. But on a day-to-day basis, it proved highly impractical. Our IDC field team was working for and within the FIMC, 200 meters from the UNDP's resident mission and half-way around the world from the Bank's base in Washington, D.C.[4] As the FIMC and the UNDP both began to press for speedier and preliminary access to the consultants' findings and recommendations, we rapidly found ourselves caught in the middle. Despite periodic attempts at consultation and clarification, this awkward source of tension arising from internal relations between the donor and its executing agency was never satisfactorily resolved. Ultimately, the UNDP elected to replace the Bank with its in-house unit, OPS, as executing agency for phase II of the technical assistance services.

At one stroke, that replacement solved our previous reporting and communications problems. The UNDP's resident mission asserted a much more active interest in project substance during phase II, relegating OPS to essentially a contract administration role. Ironically, however, that solution created new problems for the donor and the consultants in terms of OPS's unfamiliarity with the project and its subject matter as well as fundamental discrepancies between Bank and OPS consultancy procurement policies and practices. That same changeover also introduced an operational shift in donor representation. In IDC's technical assistance contract, OPS was the consultants' supervisor and in charge of disbursements. But on the ground in Vientiane, the UNDP's resident mission clearly displaced its executing agency as the donor's principal party. This pushed OPS, in effect, from the project's tripartite core to its inner circle.

Outer-circle institutions also warrant aggressive cultivation. Although they lack direct contractual, financial, or affiliation links to the project and its principal parties, they can be a rich source of ideas and energies. This constellation can all too easily be overlooked by technical assistance managers since outer-circle groups do not generally participate in project planning or design and only infrequently express unsolicited interest in project implementation. Nevertheless, if courteously pursued, they have much to contribute.

To cite a few examples particularly applicable to private-sector groups, they can help identify prevailing problems and propose locally feasible solutions during technical assistance needs assessments. They can serve as guinea pigs or test populations for technical assistance innovations introduced in action planning. If changes in governmental policies or legislation are contemplated, they can be potent constituents, public advocates, and allies. In the Lao project, for example, we invariably benefited from soliciting the frank opinions and reactions of prospective and licensed foreign investors. As the chief intended beneficiaries (or unintended victims) of our proposed reforms, they were vitally interested in alerting us to practical consequences and potential problems. Moreover, they frequently were able to enhance FIMC and consultants' awareness of relevant third-country precedents.

In the public sector also, our project's quality and impact were repeatedly enhanced by outer-circle interest groups' collaboration, specialized knowledge, and influence. Several examples of this welcome synergy can be recalled:

- Our project team took care to include leaders and technical experts from the Department of Geology & Mines in our project training workshops and study tours. Their participation demonstrably improved the relevance of project-drafted Lao standard-form mining investment contracts as well as the performance of FIMC-led mining-investment negotiating teams.

- We actively solicited cosponsorship of project-organized sectoral investment-promotion conferences by the appropriate sectoral agencies—the National Tourism Authority in the case of the Cultural & Environmental Tourism Investment Conference, and the Ministry of Agriculture and Forestry in the case of the Agribusiness Investment Conference. Again their presence and participation lent greater credibility to those events, contributed technical insights to complement those of the FIMC and measurably enhanced prospects for follow-through implementation of conference recommendations.

- The FIMC, with our team's vigorous encouragement and technical backstopping, reached out to the National Assembly early on in its law-reform campaign to actively solicit legislators' inputs into the evolving revision. This invitation not only generated valuable early suggestions for improving the working draft of our new foreign investment law. It also greatly facilitated the Assembly's eventual approval of this legislation once it was formally submitted for adoption. As co-owners, they had an institutional stake in its success.

- Together with our FIMC Permanent Office counterparts, IDC's project team made a continuous effort to keep other, contemporaneous UNDP-sponsored macroeconomic reform projects fully informed of our progress. Toward this end, for example, we participated in an ongoing law-reform dialogue chaired by the UNDP's commercial legislation project. This ensured the harmonization of our proposed new foreign investment law with complementary legal-framework developments. In return, it kept our FIMC client and our project apprised of pending changes in Lao legal rules governing such crucial investment-related topics as enterprise registration, land tenure and transfers, and commercial arbitration. In the same vein we worked closely to coordinate proposed tax and customs reforms with UNDP projects assisting those departments of the Ministry of Finance.
- Looking beyond our own donor and its affiliated projects, we also reached out, with considerable success, to other donors and their unaffiliated projects, both to exchange information and to explore possibilities for cofinanced joint ventures. In the latter context, powerful alliances were struck, for example, with the Asia Foundation and the Australian Government.[4]

To summarize our project experience in dealing at the institutional level with principal parties, inner- and outer-circle interest groups, early and continuing investments in open communication and continuing collaboration invariably paid handsome technical assistance management dividends. In contrast, inattention or neglect risked misunderstandings, resentment, and resistance.

Individuals. The main principle recommended for technical assistance managers' effective treatment of individuals within projects' parties and interest groups is to pay attention to all levels of institutions' personnel, not merely to top-tier decision-makers.

The following two sections of this chapter will discuss effective relationships between institution-building consultants and their clients and counterparts, respectively. In the normal course of human affairs and prejudices, consultants might be forgiven for the temptation to pay most attention to ministers, least attention to clerk-typists, and a middling degree of attention to professional counterparts. However, what our Lao project repeatedly confirmed is that, in practice, each of these three personnel tiers can make different but equally potent contributions to project and institution-building success.

For example, consultants' professional counterparts within a host agency are the chief transferees in technology transfers and the chief stewards of sustainability in institutional development. Counterparts constitute a uniquely valuable source of insights about host-agency operational problems, environmental constraints, and system-strengthening needs. They are uniquely well qualified to help adapt imported management know-how to local conditions and capabilities. They can also serve as trustworthy cross-cultural and intramural interpreters.

Support staff, in turn, are the individuals who ultimately execute most instructions, conduct most interagency communications, maintain most records, and produce most data and documents—whether working within the client institution, the donor agency, or the consulting firm's home or field offices. They word process and compute, file and retrieve, greet, interpret and translate, remind and follow-up, and generally make things happen—or not. For an agency like the FIMC, support staff are receptionists and communicators. They make an indelible first impression of the agency on prospective foreign investors.

Particularly in a top-down hierarchical culture, support staff are too frequently undervalued, undercompensated, and underestimated. However, if treated with appropriate respect and appreciation by technical assistance managers, their contributions can be invaluable—both to the immediate project and to its host institution. In our Lao project, to cite just two of literally hundreds of examples, Permanent Office support staff made it possible for the FIMC and our project to execute smooth, cordial investment-promotion conferences. Through individuals' familial ties and informal networks, they were also able to facilitate participation and decisions by high-ranking officials that formal channels had not budged.

Paying respectful attention to individuals within project parties and interest groups is as valid at the base of the pyramid as at its crown.

TECHNICAL ASSISTANCE OWNERSHIP: WHOSE PROJECT IS THIS, ANYWAY?

A Recommended Frame of Reference: Tripartite Co-Ownership

In a strict legal sense, the owner of technical assistance services is the party that pays for those services. However, that seemingly straightforward formula can rapidly become more complicated when applied to a typical project in which a donor agency pays for consultants *on behalf of a client government*. Who owns the services in that case, the donor or the client? A different (or additional) complication intrudes when the project is funded on a loan basis rather than as a grant; in this case, who has the stronger claim to ownership, the lender or the borrower? And to add still a third common variable, how is ownership affected when the donor engages an intermediate executing agency and that agency contracts for the services?

Putting aside these legal niceties, for purposes of the present discussion the concept of technical assistance ownership is intended to refer more broadly and loosely to an *attitude* rather than a legal title or interest. In order to be fully effective, technical assistance—especially where institutional development is its goal—should generate a sense of ownership in all the principal parties, most crucially, the host-agency client[5] but preferably also the donor and the consultants. This requisite attitude or sense implies commitment to a sustained investment of financial and professional resources over time.[6] It inspires pride and entails a willingness to take risks. It necessitates the parties' public identification with, and public accountability for, the technical assistance project. It involves active tripartite partnership and collaboration in project management. Co-ownership and comanagement are reciprocally reinforcing.

Co-ownership of institution-building technical assistance is essential because all three parties bring different and necessary resources to the relationship. The client brings a host institution, system-strengthening needs, local networks, knowledge, experience, and personnel. The donor, in turn, contributes not only essential hard-currency project finance but also superior awareness of the international consulting market and broad project supervision experience. The consultants, finally, bring expert personnel, technical know-how, and field experience in transferring that know-how. Equally important, each of these parties is unlikely to dedicate its resources to this technical assistance relationship with sufficient energy and determination unless it perceives the prospect of receiving the benefits that only full co-ownership can bring. For the client, this represents sustainable institutional development. For the donor, the corresponding objective may be a long-term invitation by the host government to facilitate (and influence) national development. For the consultants, the key inducements include a prolonged income stream and an enhanced professional reputation (and consequent future marketability) if this institution-building assignment can be successfully executed. But while technical assistance co-ownership is a critical, achievable goal, real obstacles stand in the way of that achievement. Two of those obstacles—technical assistance terminology and contracts—have strong, resistant-to-change, traditional roots.

What's In a Name? Technical Assistance Terminology and Its Connotations

Listen to the traditional terminology of technical assistance: A *donor* agency finances technical *assistance* for a *borrower*[7] government for delivery to a *host agency* and other *beneficiaries;* consultants *transfer know-how* to local *counterparts*. What does this vocabulary clearly connote about power, obligations, and relationships? A donor is a gift-giver, benefactor, and patron. A borrower is dependent and obliged to repay. A host receives guests, and in a professional context provides logistical support. A beneficiary receives gifts and ought to feel grateful. A transfer is unidirectional: it flows from a transferor to a transferee. Know-how is superior expertise. Counterparts are attached (and at least implicitly inferior) to those same transferors.

How much this vocabulary reveals about the traditional assumptions and dynamics of technical assistance—on the one side, power, funding, knowledge, expertise, initiative, and generosity are presumed; on the other side, impotence, poverty, ignorance, passivity, dependence, and obligation are presumed. If this vocabulary accurately describes technical assistance parties' relationship, how likely is the transferee to feel true co-ownership and to commit enthusiastically to institutional development?

If this vocabulary strikes you as unfortunate but unavoidable, consider an alternative lexicon. A *client employs* a *specialist* to perform *professional services* for a *fee*. The specialist—whether accountant, architect, doctor, economist, engineer, lawyer, or consultant—is an expert who knows more about a given technical subject than the client. But the client is the boss. The client defines its needs, selects its specialist, agrees to pay a quoted fee, monitors the services, accepts or rejects the specialist's advice and other recommendations, pays the specialist (using the client's own, borrowed, or granted funds, as applicable), terminates the services when completed, and integrates the specialist's adapted know-how into ongoing institutional operations to the degree the client decides is feasible and appropriate. No power imbalance exists (unless in favor of the client). No obligation, dependence, or automatic gratitude is required on the client's part. No mere hospitality. Reciprocal respect. A buy-sell transaction. Nothing more. Nothing less.

In technical assistance projects as in other professional and interpersonal relationships, the terms and concepts employed to describe the parties implicitly convey relative rank and power. If the traditional technical assistance vocabulary survives without challenge—*and accurately, if implicitly, conveys assumptions and expectations*—how likely is the donor to cede equal co-ownership?

Contracts Within Contracts

Clearly, designating a host government or agency as the *client* of technical assistance consultants has much to recommend it in terms of encouraging co-ownership and local empowerment. However, a conventional client-consultant relationship outside the technical assistance domain would normally involve not only mutual respect and the rendering and receipt of professional services but also a direct contractual link. The client pays, the consultant performs, and the contract defines the parties' reciprocal legal rights and obligations.

Unfortunately, in a traditionally structured technical assistance project, like ours in Laos, that direct client-consultant link is missing. Instead, the consultants are hired by, and contracted to, the project donor or its executing agency. The host agency is one or more legal steps removed from *its* consultants. (The government will have a project agreement with the donor, and perhaps also an underpinning country program agreement, but seldom will the host agency be a signatory to those agreements.) Given this legal framework, it may be difficult to convince the agency—and equally important, the consultants—that the agency is the consultants' client in fact and in law as well as in name.

At least three alternative contracting solutions to this technical assistance management dilemma are available. An increasingly common approach is for the host agency itself to negotiate and sign the consultants' contract. (In a parallel arrangement, if necessary to satisfy donor guidelines, the host agency could be designated as the donor's executing agency under the loan or grant agreement). This approach would require the host agency to have the government's and the donor's confidence in the agency's ability to unilaterally supervise the consultants.[8] It would also require the consultants' confidence in the agency's ability to guarantee prompt offshore payments in convertible currencies. But these conditions are not insurmountable.

As a variation, some unit of the host government other than the host agency itself could sign the consultants' contract—for example, a technical assistance coordinating unit of the government's donor liaison ministry. In this case, the contract could specify a split of the client's functions: designating the host agency as supervisor of and direct operational authority over the consultants' substantive performance, know-how transfer, and institutional development services, and the coordination unit as contract monitor for disbursement and administrative purposes.

A third approach, less desirable but perhaps somewhere appropriate, could have the donor or its foreign executing agency sign the consultants' contract, specifying a split of the client's functions along the lines just proposed in the previous paragraph.

The point here is that legal tradition should raise no practical bar to empowering the host agency with a genuine client's role. Much more than names and symbols are at stake. That having been said, it should be evident that contract clarification is a necessary but not sufficient remedy for the unequal relationship problem embodied in traditional technical assistance documents. A contract is merely a record of decisions taken, not a substitute for those decisions. The key is to reach full understanding and agreement among all three principal parties on their intended relationships, rights, and obligations. Once true concord has been established, the lawyers can write it up.[9]

AN INTRACTABLE ROLE DILEMMA: CONSULTANTS AS ADVISORS OR OPERATORS

What Is the Problem and Why Is It Important?

A perpetual problem for technical assistance managers is how to prevent consultants intended to serve in an advisory capacity from sliding into an operational role.[10] Instead of advising and training host-agency leaders and counterparts how to better perform professional tasks, the consultants end up doing the tasks. This problem can arise even for short-term specialists, but it more typically confronts long-term residential advisors.

It is not difficult to describe or understand how such a shift in roles comes to pass. Outside experts (usually foreign) are introduced into a host agency that is experiencing managerial or technical difficulties. These consultants bring to this assignment cumulative know-how and experience unmatched by the agency's own personnel. High fees, output deadlines, and work habits honed in industrialized countries combine to encourage the consultants to perform at levels of productivity beyond those normally prevailing in the local environment. By temperament and profession, they may be more comfortable doing hands-on problem solving than merely observing and commenting upon the less efficient performance of local personnel.

Host-agency leaders and donor-agency project staff, while committed in principle to using the consultant to strengthen counterparts' abilities, also share a strong interest in early production of specific work products—analyses, software programs, designs, studies, reports, seminars, and so forth. Moreover, the leaders realize that effective, sustainable know-how transfer may be constrained by counterparts' limited education, heavy workloads, high turnover, low compensation, motivation, and morale. In the meantime, short-term management crises have to be faced. Under such pressures, if an unavoidable competition or choice is perceived by the leaders between definite short-term outputs and potential long-term know-how transfer, the temptation to exploit the on-hand experts in an operational role may be irresistible. Even if tacit and unstated, the resulting "conspiracy" can be potent.

In a sense, this role dilemma can be seen to be two problems in one, or one problem with two dimensions. As diagrammed by Figure 4.2, the dilemma's *vertical* dimension is how best to allocate the technical assistance services between two groups of potential client-counterparts: the host agency's top-tier decision-makers and its middle-tier professionals. The corresponding *horizontal* challenge is how best to allocate those same services between advisory services (advising, training, and know-how transfer) and operational services (essentially, direct production of host-agency outputs).

Neither choice is mutually exclusive. In most technical assistance projects, services will be rendered on both tiers and in both modes. Typically, consultants will be requested and required to give advice both to host-agency decision-makers (Square A in the figure) and to the agency's professional staff (Square C). They will normally also be expected to perform at least some operational work for those same professionals (Square D), if only as demonstration or prototype exercises. Operational services on the decision-makers' tier (Square B) are less common. But consultants' speechwriting for ministers, participation on host-agency negotiating teams, and membership in the agency's representative delegations at conferences all arguably fall in this domain.

There are two main conclusions to be drawn from this analysis. One is that allocation decisions should be taken deliberately, not by default, and that all interested parties should participate—at a minimum the client and the consultants, but also preferably the donor. Moreover, all parties should clearly recognize that concentrating the services on one tier or mode or both will inevitably shape and limit those services' contribution and impact.

Without being cynical, a pragmatist might ask at this point why these trade-offs are being characterized in this discussion as a serious technical assistance management problem. In terms of the vertical dimension, why not simply let the agency leadership allocate its consultant's time and energies between tiers? And in terms of the horizontal dimension, if the leadership wants short-term outputs, the donor is willing to pay for them (and in fact desires them for its own project-evaluation purposes), and the local counterparts are unavailable, unskilled, and unmotivated, then why not simply assign the consultant to operations, stop agonizing, and get on with it?

The answer, once again, brings us back to institutional development. If a client and donor simply want a technical diagnosis or study, then know-how transfer need not enter the picture. But if strengthening the host agency is the technical assistance goal, then that agency's *people* must be strengthened. And those people consist, most critically, of the agency's decision-makers and professionals. This objective will not be fully achieved if the consultants' time and energies are monopolized by one tier. It will not be fully achieved if most of the consultants' work is operational.

Consultants' operational services necessarily displace the agency's permanent local staff with high-priced, temporary outsiders. Not only will the permanent staff gain little or nothing from this displacement, they will almost certainly become demoralized and resentful. Upon the consultants' departure, the permanent staff will be unable to continue to utilize products and innovations introduced by the consultants because they never mastered them during the consultants' tenure. In addition, if the period of displacement and dependency has been sufficiently prolonged, the staff may even have forgotten how to do things *the old way* before the project's intervention. Ironically but realistically, in that instance, the host agency could end up weaker after the technical assistance than before.

One should not be simplistic or naive about the difficult management choices in this area. Sometimes there may not be any individual on the agency's permanent staff with adequate prequalifications to be assigned as counterpart to a specialist consultant. Sometimes a needed operational intervention will be of a one-time-only variety, not requiring postproject replication. Sometimes a client (with donor concurrence) may not be willing to wait for know-how transfer to run its course before a needed operational output is produced.

Still, the basic observation remains valid: you cannot strengthen local capacities by importing temporary foreigners or by pushing local professionals aside. Institutional development must empower. Displacement disempowers. New products are legitimate contributions of technical assistance, but those contributions can only be sustainable if introduction was accompanied by know-how transfer. To reiterate an earlier theme, host-agency leaders and professionals can only be expected to sustain technical assistance innovations if they feel a sense of ownership and self-interest in those changes.

How Did Our Lao Project Deal With This Consultants' Role Dilemma?

In terms of this role problem's vertical dimension, our project was reasonably successful in allocating IDC's field services between both tiers of the FIMC's professional personnel: leaders and counterparts. Because the project plan explicitly called for the rendering of investment policy advice, this function automatically brought our field team into direct contact with the FIMC's ministerial policymakers and decision-makers. Advising on actual cases was another contractually required output that also necessitated top-tier service. The needs assessment process, action plan formulation, approval and implementation, promotion strategy formulation, law revision process, and conference organizing were additional project activities requiring close collaboration between client decision-makers and consultants.

Project work on the second tier, with FIMC Permanent Office directors and professional staff, included the following:

- Cooperation on needs assessment, design, and conduct of training seminars;
- Cooperation on workshops and study tours;
- Advising on actual cases;
- Collaboration on restructuring the Office and developing new investment-management procedures and forms;
- Establishment of the Investors' Service Center;
- Production and publication of promotion materials, and again,
- Revision of the law and organizing of a sectoral conference.

Sections D and E of this chapter will take a closer look at specific project interactions with both of these client groups: ministers and counterparts. But in terms of striking an appropriate balance between technical assistance services offered to each of these tiers of host-agency personnel, we seemed to get the allocation about right.

Less satisfactory was our balance along the dilemma's horizontal axis, that is, between advising and operations. Driven in part by the phase-I TOR and time constraints; in part by the need—strongly endorsed by client, donor, and consultants—to introduce new foreign investment management policies, procedures, instruments, and momentum; and in part by the consultants' perception that it was *more efficient* and quicker in the Lao environment to do things oneself than to wait for local cooperation, our field team soon developed a definite bias for direct, rather than indirect, action.

The resulting rhythm, which became a pattern, resembled the following:

- Our team would perceive a need for some system-strengthening initiative (activity or instrument or both), often drawing on IDC's prior third-country experience;
- The client decision-makers would authorize project work to address the perceived need;
- The team would design and produce a new product, with secondary support from our Permanent Office counterparts;

- The client decision-makers would approve the product's introduction into the FIMC's management system (often with great enthusiasm); and
- The consultants would operate the product during the remainder of our project tenure, again with acceptance and some input from our counterparts.

This description is abbreviated and hence somewhat exaggerated, but it conveys a generally accurate impression. It rather accurately describes working relationships on such major project initiatives as compilation of investment-licensing statistics, publication of the FIMC's semiannual journal, production and use of the audiovisual investment-promotion presentation, organizing and conduct of the Sydney Forum on Lao Investment Opportunities, the tourism-sector investments conference, and the agribusiness-sector investments conference. In all of these cases, the FIMC and its investment-management system received publicly acknowledged (even dramatic) recognition and benefit from the consultants' initiatives. But in all of these cases, the consultants' inputs and outputs were far greater than their counterparts', with the result that the FIMC's ability to replicate or sustain these initiatives following project completion must be conceded to remain somewhat doubtful. In the end, the FIMC *owns* these initiatives in terms of pride and possession but not in terms of operational mastery. The goods have been left behind but the creative know-how has not been fully transferred.

More successful in terms of collaborative creation and institutional development ownership was our project's work on the FIMC's *Investment Policy Guidelines*. Mutual needs assessment by FIMC leaders, Permanent Office professional staff, and our IDC team at the beginning of phase I produced a firm consensus that the government's foreign investment policies needed to be clarified and disseminated. Our team then studied third-country precedents, produced a conceptual framework, and offered it to counterparts in a training workshop convened in part expressly to produce draft guidelines. The workshop participants generated proposed Lao content for this framework, and IDC's workshop facilitators assisted with English-language translation. The counterparts and consultants then presented this draft to FIMC decision-makers for consultation and modification. The resulting text was published with project funds as an official FIMC document and has been widely disseminated since. This creative process was consistently collaborative and client-controlled. The consultants were informants, advisors, facilitators, and assistants—not lead producers. The product is Lao. The institution has been strengthened.

To underscore the point, for consultants advising gives less control over process and product and takes far more time than direct operations (i.e., simply getting on with it and doing the job themselves). But it leaves in place when the project concludes not merely a basket of fish but also the know-how to continue fishing. The FIMC made its own policy guidelines. It owns them. More important, it can maintain, amend, and implement them after IDC's project team has departed and dispersed.

A more complicated, less unequivocally successful project initiative was revision of the Lao foreign investment legislation. In this instance the process notably evolved over time. At the outset, as instructed by the phase-I TOR, the consultants reviewed legal barriers to foreign investment and proposed corrective legislative amendments. Professional counterparts from within the FIMC Permanent Office, joined by representatives of other interested ministries on the UNDP Commercial Legislation Project's harmonization roundtable, reacted to our initial law-reform proposals and suggested substantive improvements. But always the early revision momentum was project-driven. And always the early revision drafting was done in English, by our IDC experts.[11]

Throughout this lawmaking process, the client remained actively involved. For example, FIMC leadership was continually apprised of progress. And the ministers commissioned our IDC team to conduct a comparative study of third-country investment law reforms in order to confirm that the proposals we were recommending for Laos were congruent with prevailing regional trends and with international authorities' recommendations.

However, as the result of prolonged delays in start-up of the National Assembly, reorganization of the Permanent Office's host ministry, and concomitant changes in ministerial personnel, the scheduled adoption of the revisions was repeatedly postponed. Eventually, well into phase II, the new FIMC vice minister directly supervising Permanent Office operations breathed renewed momentum into the revision effort by sponsoring fresh Lao-language translating and additional amendments. More delays caused our project to complete its residential work before adoption was finalized. Following the consultants' departure from Vientiane, additional ministries and interest groups for the first time offered their reactions and inputs to the revision. The resulting new statute was eventually adopted but in a form somewhat diluted from the reforms originally proposed by our project. Moreover, at this writing, the companion implementing decree has not yet received formal approval from the Council of Ministers. Consequently, the final integrity of the entire reform package is not yet secure.

In this instance, it is possible that a more advisory, less operative mode of consultant behavior early in the process might have produced swifter action and more potent reform. And to pick up another thread in this case study, it may be that if the project and the FIMC had reached out earlier in the process to the *outer circle* of interest groups (in particular, the Ministry of Finance and key sectoral ministries), it might have been easier to win Council-of-Ministers support for the revision without accepting last minute weakening amendments. On the other hand, as suggested in Chapter Two, the slow pace of government reorganization may simply have precluded speedier legislative reform, even with both circles' full involvement and enthusiasm. Equally significant, the adopted version of the new foreign investment law is arguably more Lao, more locally appropriate and more implementable, now that all interest groups have finally participated in its protracted but consensual creation.

TECHNICAL ASSISTANCE ROLES AND RELATIONSHIPS: EFFECTIVE ADVISING OF CLIENT DECISION-MAKERS

Some Recommended Basic Principles

In any serious institution-building project, it is in the best interests of all the principal parties to establish and maintain an effective advisory relationship between the client's decision-makers and the consultants' field personnel. This need becomes especially acute whenever, as in our Lao project, the host agency's chief responsibilities include policymaking and the consultants' TOR emphasize the giving of policy advice.

Table 4.3 lists some generic principles that can be recommended to guide the parties on both sides of this advisory relationship. In practice, specific applications will depend largely on the personalities and styles of the individuals involved and the *chemistry* between them. Before offering Lao project illustrations, let's first articulate the principles.

Know your place. From the outset of their advisory relationship, both the client and the advisor should firmly understand and scrupulously adhere to their appropriate roles. The client is the boss, the agenda setter, and the decision-maker. The advisor is a counselor, a technical specialist, a sounding board, and if desired, a confidante, a critic and perhaps a messenger. Regardless of the possibility in a given relationship that the advisor may be older, better educated, and more experienced, the client is always in charge. Within this framework, it is preferable that the client initiate all dialogue. However, to be realistic, in some technical assistance projects it may be culturally appropriate and even necessary for the consultant to request initial meetings, to offer advisory services, and to seek the client's guidance and instructions.

An advisor's effectiveness increases in direct ratio to the client's trust. Particularly in sensitive policymaking or other management contexts, the consultant can better understand the client's problem, needs, concerns, and constraints—and hence can give better informed, more responsive advice—if the client feels sufficiently confident in the advisor's discretion and judgment to lay all (or at least most) of the cards on the table. Compartmentalizing requests and withholding vital information from the consultant may protect the client's sense of control and safety, but it will also render the resulting advice less acute and useful.

Client trust must be earned and must be protected by confidentiality. The most distinguished consultant is not automatically entitled to the client's trust at the outset of a confidential advisory relationship. The very role of advisor is a privilege. Most technical assistance clients have been disappointed by some consultant in the past. Many have had confidences betrayed. Investing in an advisor is a highly risky undertaking. Almost always it must be done slowly. Despite undeniable temptation to reveal information shared by a high-ranking client or to boast (however subtly) about access to power, the professional advisor knows always to keep his or her lips sealed. The latter temptation should not be underestimated. Donor agencies in particular are prone to *pump* consultants whose projects they are funding for insights into host-government thinking. This may be especially true for bilateral donors for whom political and economic intelligence gathering is a principal function of their embassies. Other common probers include journalists and government constituents who will be keenly affected by government decisions. Most host-agency leaders have been "burned" on more than one occasion by foreign advisors' leaks and indiscretions. Once bitten, twice shy.[12]

In public, the advisor should be invisible. The client bears public responsibility for decisions. The client accordingly deserves the credit for those decisions, no matter how directly they were influenced by or how closely they follow the consultant's advice. If a consultant needs to feel the bright spotlight of publicity, he or she should resign from advising and try the heat of being a client.

Mutual respect is not essential, but, if genuine, it can powerfully enrich the advisory relationship. As noted in Chapter Two's discussion of consultant selection, host-agency leaders unfortunately are often not actively involved in consultant selection and normally do not have advance interviews with competing firms' candidates for key advisory positions. And, obviously, consultant-advisors do not select their host-agency clients. In short, most advisory relationships within technical assistance projects are arranged marriages, not love matches. Moreover, in the real world, not all clients are brilliant, honest, and receptive; not all consultants are locally aware, articulate, and respectful.

Despite these constraints, useful advice can nonetheless be given and received even when the client and advisor are in less than full harmony. After all, this is essentially an arm's-length professional relationship, not a personal or emotional one. That having been said, if reciprocal respect and trust can develop, the resulting synergy can be powerful indeed. Through candor and context-setting, the client can give the advisor the full picture needed for informed analysis and useful advising. Through reciprocal candor and comparative experience, the consultant can give the client suggestions and options that may be flatly unavailable from domestic sources.

The best advice is brief and practical. Most technical assistance clients are overworked and severely stretched. They may need advice but it must come in digestible doses. Concise answers to questions and one-page summary recommendations can be grasped, recalled, and translated into action. Academic orations, intellectual abstractions, and technical jargon (whether lawyers', economists', or engineers'!) replace service with disservice. If, as is commonly the case, both the problem and the solution are complex, cut the meat into bite-sized pieces. In this aspect, as in all facets of effective advising, the best advice should be empowering, not confusing or condescending. For this reason and to enhance the quality and responsiveness of the advice, the wise advisor listens first and seeks clarifications before proposing solutions. If you shoot from the hip, your foot may become the target.

The best advice is culturally appropriate and cross-culturally sensitive. To be heard, interpreted, and accepted, advice should be culturally attuned to the client's values (basic beliefs, norms, and customs) and perspective (habits, assumptions, and selective perceptions). To facilitate communication, it will probably help if the consultant-advisor is a product of that same culture. However, in some technical assistance settings it is possible that foreign nationality may enhance the advisor's stature, credibility, lack of local prejudice, and perceived trustworthiness. An alert outsider can bring a fresh perspective. For such foreign advisors, cross-cultural sensitivity becomes more important than specific knowledge of the client's culture. *Faux pas* on details of etiquette are always forgiven if intended respect is evident and sincere.

Third-party interpretation should be avoided whenever possible. For confidential advising, "three's a crowd." Even a trusted interpreter handpicked by the client necessarily changes the communication dynamics and inhibits candor. A *tête-à-tête* becomes an audience. Words are weighed. Doubts are left unvoiced, emotions, unexpressed. If the interpreter is more than a medium but himself or herself represents a vested interest, translation becomes selective and filtering with resulting, crippling distortions. He or she may also become a damaging source of leaks. Even if total fluency in the local or a third-country language is not possessed by both the client and consultant, an 80 percent understanding through private communication is preferable to a 100 percent understanding through a filter.

How These Principles Were Applied in Our Lao Project

Our project experienced considerable success in establishing and maintaining effective advisory relationships between government decision-makers and their IDC consultants. A case in point was the practice of regular one-on-one meetings initiated by the FIMC's permanent member (the Minister for External Economic Relations) with the resident advisor. Through these weekly or biweekly briefings, I was able to keep the minister apprised of all ongoing project work, as we progressed from needs assessment and design finalization to full-scale implementation. He, in turn, used these sessions to give our team continual direction, criticisms, and clearances. Through pulse-taking and informal feedback, he retained operational ownership and control without ever having to issue official edicts. The minister sought and received confidential advice on a wide range of matters, from investment policies to prospective investors' bona fides, to pending license negotiations, to licensed investments' performance problems. In return, I received client guidance, prompt relief from bureaucratic impasses, and the assurance that proposed project initiatives in fact met with full approval of top-level government leadership and would later produce no unwelcome surprises for either party. Communication, in French, was direct and uninterpreted. (The quality of our rapport was memorably captured by the minister's congratulatory remark when IDC's phase-I contract was extended for a second phase. What pleased him most about this continuity of service, he assured me with only a hint of a smile, was that having spent the better part of a year acculturating and acclimatizing one resident advisor, he could now begin to recoup his human resources investment instead of having to start from scratch training another one.)

A very different advisory relationship developed during phase II, when the new FIMC general secretary in charge of Permanent Office supervision engaged IDC's assistance with investment law revision. An experienced civil servant educated as a lawyer, the general secretary took personal charge of the law-revision effort. He recruited a Lao-language draftsman to draft with me side-by-side and insisted that amendments proceed simultaneously in both Lao and English. In this way, he ensured that he fully understood all concepts embodied in the consultants' original English-language draft, and that the Lao text accurately expressed identical content.[13] In a continuing series of working sessions, the general secretary requested the director of the FIMC Permanent Office and me to jointly explain and defend all changes being proposed in the original 1988 law. He offered suggestions and criticisms, based not only on his responsibilities as a senior investment policymaker and on his daily contacts with foreign investors, but also on his knowledge of sentiments in other agencies. When invited to the National Assembly for preliminary hearings on the revised legislation, he utilized my services to help prepare and rehearse his presentation, and then took me along to give support in the hearings as his technical expert. Through this year-long process, the client exerted his influence and ownership over this lawmaking process, achieving full knowledge of all salient points but also remaining willing to mobilize his advisor for specialized expertise.

Still another application of advisory principles occurred when our project assisted senior Lao delegations to participate in two international investment promotion forums, one in Bangkok and the other in Sydney. Our IDC team helped the Lao representatives to strategize their forum objectives, to draft and rehearse major policy speeches and panel presentations, to anticipate and prepare deliberate responses to questions likely to be received from foreign delegates and the press, and to conduct postmortem evaluations of the forums with emphasis on follow-through action and future improvements.

As a final example, IDC's project consultants were able to advise the Lao vice minister in charge of bilateral intergovernmental relations on difficult trade negotiations with a powerful industrialized-country government. Both in Vientiane prior to the Lao delegation's departure for the talks, and in the foreign capital through the services of lawyers recruited by IDC as short-term specialists, the consultants contributed technical advice on the substantive issues and negotiating strategies and tactics.

In all of these examples, the project's clients and advisors demonstrated the benefits of adhering to the advisory principles recommended above. They maintained their respective roles, never blurring responsibilities or trespassing. The clients exhibited trust in the consultants' discretion and ability to honor confidences. The advisors remained publicly in the background, and we did our best to keep our advice succinct, practical, and culturally appropriate. Both parties communicated directly without interpreters and conveyed consistent reciprocal respect. These Lao decision-makers knew how to make effective use of advisors. For the most part, we responded by giving usable advice.

TECHNICAL ASSISTANCE ROLES AND RELATIONSHIPS: EFFECTIVE COUNTERPART RELATIONSHIPS

Some Recommended Basic Principles

Counterpart relationships between technical assistance consultants and the main host-agency colleagues with whom they are paired are essential conduits for know-how transfer, management system strengthening, and institutional development. Yet like other arranged marriages, these relationships are fraught with peril. The consultant tapped as foreign partner in the relationship may perceive the relationship as competing or interfering with other higher priority output obligations. As previously discussed in the context of the advisor-operator dilemma, the foreigner may prefer—or come to prefer—to do a project task rather than working with or through a local counterpart. The host-agency professional assigned as the consultant's counterpart may perceive the relationship as an implicit (unsubtle) vote of no-confidence by agency superiors, as an unavoidably unequal partnership, as a bald invitation to foreign exploitation of local labor, or as extra work without extra pay.

A number of general principles can be recommended for realizing counterpart relationships' handsome potential benefits and for containing their countervailing risks. Table 4.4 sounds the main themes. Again, illustrations from our Lao project immediately follow the introduction of generic points.

It takes two to tango. There are certain absolute minimum prerequisites for any effective counterpart relationship. There must be a consultant and a host-agency counterpart. Both partners must be available and willing to invest considerable time and energy in the relationship, preferably over a prolonged period. The consultant must have know-how-transferring skills (including counseling, mentoring, and training) as well as technical skills. The counterpart must have sufficient educational background and professional experience to be able to take advantage of the consultant's presence.[14] Both partners must share a common language with which to clearly communicate. And if the marriage is to have vitality, the partners must be cross-culturally and interpersonally compatible.

Equal rank or status is not essential. It is sometimes claimed that counterpart relationships can be successful only when both partners are of comparable rank or professional status within the host institution. My own consistent experience does not support this claim. Counterpart relationships can in fact work very well whether the local partner is perceived to have superior, equal, or subordinate rank to the consultant. The dynamics will be different in each of these pairings and different sensibilities will be required. But all can serve as effective channels for know-how transfer; all can strengthen local institutional and individual capabilities.

What *is* essential is mutually perceived self-interest. The single most important key to counterpart relationship effectiveness is each partner's perception that the relationship will serve his or her self-interest—not merely (or even primarily) the institutional interests of the partner's employer, but the professional and personal interests of the individual. For the consultant, an essential starting point is that the TOR should specify that know-how transfer and institutional development are high-priority objectives and contractual *obligations*, and that counterpart relationships are considered required instruments for achieving those objectives and satisfying those obligations. Beyond the TOR, the consultant should preferably be able to discern specific benefits that he or she can expect to receive from the relationship and from the counterpart. Typical examples might include some or all of the following contributions: insights into the local working environment, history, and culture; data; contacts and access to those contacts; cross-cultural interpretation; facilitation of decisions by client decision-makers within the host agency; and facilitation of production by host-agency support staff.

For the local counterpart, perceived potential benefits might include, for example, acquisition of valued professional or technical know-how; domestic and preferably overseas training opportunities (with attendant learning, change-of-scene, materials, and per diem allowances); opportunities to work on stimulating conferences or other events sponsored by the consultant's technical assistance project; an "extra pair of hands" to assist the counterpart in doing necessary work;[15] enhanced professional status by being associated with a project deemed significant by the host agency's leadership; new work products (procedures, documentation, etc.) generated by the project; and local transport, office equipment, and supplies. Looking beyond specific benefits, the counterpart will be more attracted to the relationship if he or she perceives the potential for reciprocity, for giving as well as receiving. True partnership is always more dignified for professionals than being a passive beneficiary.[16]

The most engaging counterpart relationships have operational relevance. Counterpart relationships hold more appeal for both partners if they have a legitimate operational function in addition to their know-how-transfer purpose. If the relationship is needed to contribute to a concrete project output (e.g., a law, a publication, a conference, etc.) that obligation will help greatly to focus the partners' attention, suggest a rational division of labor and increase their motivation. The relationship's most fundamental objective is the transfer of sustainable know-how. That transfer is less likely to be postponed by the consultant if the relationship additionally produces near-term project outputs. And it is more likely to capture the counterpart's full commitment and enthusiasm if those outputs satisfy his or her operational obligations and win the counterpart institutional credit and recognition. In-service training may be essential for know-how transfer, even to senior, experienced counterparts. But unless that training is operationally relevant, it is likely to be resented and resisted as superfluous, interruptive, demeaning, or a combination of these. Collaboration on real work—producing real products that the local counterpart needs but lacks time or resources to complete unilaterally—converts a burden to a boon. Seen in this light, on-the-job training empowers rather than diminishes, especially if securing the counterpart's capability to sustain operations independently following the consultants' withdrawal, and if enhancing the counterpart's prospects to earn promotion or other emoluments.

It is worth taking time to start right. First impressions are indelible. And host-agency personnel designated to serve as counterparts for an invading army of expatriate consultants are certain to experience some apprehension. What are agency superiors' expectations for these technical assistance services and for counterpart relationships? How well (or poorly) will the consultants fit in to host-agency norms and operations? What will be the real impact of relationship participation on the designated counterparts' routine workload?

Especially when these same counterparts are going to be rapidly mobilized to participate in a collaborative needs assessment at the beginning of the consultants' services, it is imperative to launch counterpart relationships on a secure footing—to address legitimate concerns and to influence first impressions.

One tested vehicle for accomplishing these management objectives is a project-launch workshop. A structured get-acquainted exercise that can be facilitated by the consultants' project manager or a professional trainer recruited especially for this purpose or both, the workshop might last one day to one week, depending on the number of local and expatriate participants and the scope and duration of the project. At a minimum, core workshop participants should include all host-agency and consultants' personnel who will themselves be members of counterpart relationships. Recommended additional participants might include host-agency decision-makers, the consulting firm's project coordinator and perhaps other home-office principals, and possibly also project staff and key in-country representatives of the project donor and its executing agency, if any.

In order to encourage undivided attention, a workshop site away from host-agency facilities might be selected, with comfortable overnight accommodations if warranted by the event duration. The curriculum might include both plenary sessions and separate breakouts for the expatriate and local teams. Topics for joint sessions could range from project sponsors' project overviews and expectations to cross-cultural communication and general principles for effective counterpart relationships. Breakout topics, in turn, could include project-design briefings for the host-agency personnel and host-country briefings for the expatriates. If feasible in terms of facilities, time, and budget, and if appropriate in the local culture, social events, participatory games, and opportunities to meet counterpart families might also be considered, all for team-building purposes. Project-launch workshops can be powerful technical assistance management tools. Unfortunately, at this writing those tools remain too little known and used.[17]

How These Principles Were Applied in the Lao Project

By the time our IDC project team took the field in January of 1991, our donor and executing agency were anxious that substantive services should rapidly begin. (Start-up had already been delayed by a series of planning and contracting complications.) In this hurry-up atmosphere, no project launch workshop was convened. Instead, we proceeded immediately to initiate our collaborative needs assessment. With hindsight, the project, client, donor, and consultants could all have derived significant value from pausing briefly for a systematic introduction exercise.

Unquestionably, the FIMC official who made the most effective use of counterpart relationships within our project was the director of the FIMC's professional secretariat, the Permanent Office. The most senior technocrat supporting the FIMC's investment-management system, the director was quick to perceive not only the overall merits of the system-strengthening initiatives being proposed by the project, but also the ways in which IDC's consulting team could assist him and his office to implement those initiatives. Secure in his position and rank, with a professional legal education and a long distinguished government career in overseas as well as domestic posts, the director was thoroughly comfortable interacting with foreign technicians on a collegial basis. During both project phases, he entered into and sustained mutually satisfactory counterpart relationships with me as resident advisor, with our short-term specialists assisting with revision of the foreign investment law, and with other short-term specialists assisting with mineral investment negotiations and contracts.

The director successfully harnessed these relationships to help him accomplish management objectives not easily achievable without external resources. To give merely a sampling of his creativity in this regard, with our team's assistance he engineered the following FIMC initiatives: restructuring the Permanent Office; cosponsoring a half-dozen in-service workshops and seminars and overseas study tours for all of Permanent Office division chiefs and other senior staff members; obtaining international-quality technical advice and comparative data on legislation, negotiations, and contracts; establishing an Investors' Service Center and an entire line of investment-promotion publications; and procuring vitally needed office equipment, international telecommunications facilities, and supplies.

In return, the director served as our team's principal expert informant on government rules and procedures, our chief intermediary facilitating project communications with higher authorities, our most acute cross-cultural interpreter patiently explaining otherwise inscrutable decisions and delays, our patron in intergovernmental seminars and round tables, and our chief institutional host clearing all logistical and administrative paths. Like his ministerial superiors, the director consistently demonstrated an intuitive grasp of how to exact good value from technical assistance consultants while giving at least equal value in return. (In concluding this sketch, it is only fair to explicitly acknowledge that, as must be obvious, this individual was not a typical counterpart. The outstanding skills and sensitivities he brought to our project's counterpart relationships were as exemplary as other facets of his remarkable professional performance. Still, all consultants and counterparts can extract practical techniques from his example, even if we fall far short of his results.)[18]

As resident advisor, I was able to establish a distinct set of counterpart relationships with a half-dozen of the director's lieutenants within the FIMC

Permanent Office. At its most effective, this bond was nurtured through an ongoing series of informal meetings convened with division chiefs and other senior staff. At these working sessions, each participant would brief the small group on his current progress and on any particular problems with which he sought advice or assistance. I utilized these actual cases as materials for on-the-job training. Our sessions additionally served to open lateral communication channels between Permanent Office divisions. As the participants' confidence grew, potential intramural grievances were aired and defused. Common concerns were identified for forwarding to the director or above. By deliberately absenting himself from our sessions, the director tacitly encouraged uninhibited discussion. By convening this middle-management forum, I was able to give continuing assistance to more counterparts than would have been practical through one-on-one contacts. (When a pressing investment-management priority was of keen interest to only one meeting participant, we pursued it one-on-one afterward, reserving the precious group time for matters of shared interest.) While they lasted, these sessions were highly productive, both for short-term crisis management and longer-term institution building. In the end, unfortunately, they fell victim to chronic Permanent Office understaffing, which eventually defeated the participants' efforts to protect our regular meeting time and resist inroads by competing demands.

In large part because of these same human resource and time constraints, another important project-sponsored counterpart relationship fell short of its intended potential. As previously reported, we had obtained Asia Foundation funding to launch publication of a semiannual FIMC investment-promotion journal. The original concept for management of this publishing effort was that the FIMC Permanent Office would be responsible for the journal's content and editing, the Lao National Chamber of Commerce & Industry for advertisements and sales, and the IDC consultants for advisory assistance. Within the Permanent Office, the division chief in charge of investment promotion was designated as journal representative.

In practice, for the inaugural edition, our project personnel accepted virtually sole responsibility for production tasks such as writing (and ghost writing), editing, photography and graphics, procurement of commercial desktop publishing and printing services, solicitation of advertisements, and distribution of copies for sale. We did this consciously, both to demonstrate to our counterparts and their superiors the quality of production that could be locally achieved, and to produce an attractive promotional publication as an early project milestone. Since there was no precedent for such publications within the FIMC and no requisite skills within our counterpart population, we believed that the only way to start was to do the launching work ourselves. After that, our plan was to incrementally transfer know-how to our counterparts, gradually reducing the involvement of our IDC consultants and our local support staff.

To our discredit and disappointment, little of that transfer ever took place. Our counterparts did actively participate in the selection of themes and article topics for each journal edition. They achieved some success in recruiting government authors and in soliciting local advertisements. But the pledged Chamber participation never materialized, as that organization became preoccupied with internal reorganization. And our Permanent Office colleagues did not assume lead responsibility for journal publication during the project's three and one-half year tenure.

A number of factors probably conspired to cause this failure. Sufficient lead time was never allowed for calm collaborative preparation of each edition. In the resulting last-minute crises, invariably my local project staff and I stepped into the breach. Moreover, our counterparts came to know that we would. The Permanent Office division chief had a full plate of competing professional responsibilities that were never diminished to make room for his proposed publication role. Equally important, there seemed to be a shared cultural perception within the Permanent Office that *commercial* activities like soliciting advertisements, supervising printers, and collecting sales proceeds from vendors were not suitable or dignified tasks for senior civil servants. In principle, the counterparts understood and agreed that ads and sales were essential to sustain publication of the journal following expiration of the foundation's seed-money grant. But in practice they never felt comfortable "pounding the pavement" for sales, and so preferred to let the project staff retain these responsibilities.

In addition, the journal was published in English to make it optimally accessible to its chief intended readership, the international business community of prospective foreign investors. No one within the Permanent Office had full confidence in his or her English-language fluency. So again, dependency on the consultants was perpetuated by inertia and the management handover did not occur. At this writing, following project expiration, the Permanent Office is attempting to resuscitate the journal on its own, perhaps engaging the services of a Vientiane-based commercial English-language editor. If the counterpart relationship during the project had succeeded in the intended know-how transfer, current prospects for sustainable publication would be brighter.

With benefit of hindsight, two modest but significant adjustments in our approach to this particular counterpart relationship might have laid a firmer foundation for sustainable know-how transfer: actively involving Permanent Office counterparts in all aspects of journal production, starting with planning for the inaugural edition; and relaxing the pace of publication until true joint inputs could be achieved. Instead our journal made a bold, short-term investment-promotion splash, but the pool we created may soon evaporate.

TECHNICAL ASSISTANCE PARTIES AND INTEREST GROUPS, ROLES AND RELATIONSHIPS: LESSONS LEARNED AND REAFFIRMED

This chapter has covered a lot of ground in discussing technical assistance parties and interest groups, roles and relationships. Generic principles have been recommended and their application illustrated by our Lao project experience. Table 4.5 lists some practical lessons that technical assistance managers might fruitfully carry away from this analysis and case study.

Lessons for Technical Assistance Clients

In project planning, design, and execution, look beyond the principal parties. Deliberately identify the full universe of inner- and outer-circle interest groups likely to be most affected by your project. If your host agency is within the government, consider private-sector as well as public-sector interests. From the moment of earliest planning, reach out to solicit those groups' suggestions and concerns. Look for common ground. Perhaps the project can be shaped to serve the development objectives of affiliated agencies as well as your own. From the outset, develop internal channels of communication to keep your parent authority and institutional affiliates informed. Pay particular attention, in this regard, to the government's donor-liaison unit. Try to anticipate which interest groups might resent and resist the project. Develop strategies for defusing or bypassing those potential barriers.[19]

If the donor proposes to utilize an executing agency to supervise the project, press for early clarification of the intended principal-agent relationship. Ask to see and comment on the agency agreement. Seek an unambiguous allocation of project supervision authority and responsibilities between the donor and its executing agency. Secure unequivocal closure between your agency and the donor on this issue before proceeding to consultant recruitment. Insist on open and direct communication between your institution as client and the donor and consultants, without detours or delays through the executing agency. Pay particular attention to potential problems posed by the supervisor's geographic remoteness from the project site.

Ensure that whichever institution is representing the donor in project supervision—be it the donor itself or an executing agency—has the requisite host-country familiarity and subject-matter expertise. Don't accept as supervisor an institution that is merely a procurement or contracting unit, lacking substantive knowledge of the technical assistance services. If appropriate, recommend a division of labor between the donor's resident representative as substantive supervisor and headquarters procurement unit as contract administrator.

Within the project's other parties (i.e., the donor agency and the consultants), cultivate the principals. Make a point of identifying and getting to know the division chief and department head within the donor organization who will be overseeing the project officer's work. Similarly, the consultants' home-office project coordinator in charge of overseeing the consultants' field team. Encourage these principals to take an active interest in your project. It will enhance their parties' motivation. And it will give you avenues and allies for problem solving should the project officer's or field team's project performance prove wanting.

Within your own host agency, pay attention to the interests of personnel on all three tiers. Avoid the all-too-common failing of involving only top-tier agency leaders in project planning and design, later presenting middle-tier counterparts and bottom-tier support staffs with a *fait accompli* that they must accept and implement. Engage those lower tiers' interest and suggestions from the outset. Each tier is a rich source of practical project ideas. Any tier can make or break successful counterpart relationships and sustainable institution building. Each tier best knows its own resources and constraints. Don't make project commitments without prior consultation.

Assert your host agency's legitimate claim to project co-ownership. Yours is rightfully the lead ownership role, whether the project is loan- or grant-financed. Insist on being the consultants' operational client. If feasible, press in addition to be the consultants' contractual client. (If necessary in terms of development-assistance protocol or appropriate in terms of available skills, allocate substantive supervision responsibilities to your host agency and contract-administration responsibilities to your government's donor liaison unit). Secure and symbolize your client-owner status by locating the consultants' field-term offices within your agency's premises. Invest in your ownership by committing appropriate resources: management effort, time, and key personnel.

Establish and enforce a clear allocation between your consultants' expected advisory role and their operational role. In order to ensure the consultants' appropriate focus, clarify in their TOR, and again upon commencement of services, the intended allocation of time and effort between advisory and operational roles, as well as the intended allocation of time and effort spent interacting with top-tier decision-makers and middle-tier professional counterparts. If institutional development is your project's primary goal, guard against encouraging or permitting the consultants' to slide from an advisory into an operational role.

Do not hesitate to utilize technical assistance to supplement and enhance local capacities. In the postindustrial world, total national or institutional self-reliance is impossible and self-defeating. Leading public- and private-sector institutions in industrialized countries never hesitate to import outside expertise when doing so is more cost-effective than either keeping costly experts in-house on a permanent payroll or training in-house personnel for highly specialized but seldom used interventions. These clients include some of the most powerful and successful institutions in the world. Emulate their good example. Knowing when to use technical assistance, where to find it, and how to supervise it are signs of strength, not of weakness or dependency.[20]

Proactively manage your advisory relationship with your consultants in order to maximize the benefit that you receive from that advice. Give clear guidance to your advisor. Establish and maintain appropriate control of this relationship. Accept full responsibility (and full credit) for all decisions you take based upon that advice. Don't limit your involvement to passive listening. Ask clear questions, giving full necessary background information in advance and prompt feedback afterwards. Communicate explicitly, making allowances for potential cross-cultural misunderstanding. Once your consultant has earned your trust by demonstrating discretion and confidentiality, communicate your confidence. If he or she needs your intercession to facilitate execution of your assignments, give it clearly and swiftly so that everyone in your agency understands that the advisor has your express mandate.

If you are serious about know-how transfer and institutional development, take counterpart relationships seriously. Signal your seriousness about these relationships to the donor, the consultants, and your own agency personnel. Make your best professionals available for counterpart roles. Assiduously avoid nepotism—or, at the other extreme, punishment—when nominating counterpart candidates. Permit the consultants to participate in the final selections from among those candidates. Structure the relationships to serve the interests of the counterparts as well as of your institution. Instruct the relationships to produce needed project and institution-building outputs, in order to enhance the partnerships' operational relevance. Having made that initial commitment, do not renege on it by diverting the counterparts to other assignments or by expecting them to carry their full load of normal duties in addition to participating in the relationships. If feasible, award your staff additional remuneration or other benefits such as travel opportunities for making the extra effort of serving as conscientious counterparts.

Lessons for Technical Assistance Donors

Pay attention to interest groups surrounding the host agency. When planning the project, briefing the consultants, and later supporting and supervising their performance, take into account the full universe of project stakeholders and encourage the accommodation of their interests. Keep other donors sponsoring similar projects fully informed of your project's progress. Work hard to coordinate development assistance and to avoid territorial duplications and overlaps.

Voluntarily share project co-ownership without being asked or pushed. Actively encourage borrower governments in general, and host agencies in particular, to accept and assert full co-ownership of technical assistance projects, preferably through direct government execution of those projects. For the same reasons—namely, in order to empower the assistance recipients, facilitate know-how transfer and promote sustainable development—update your procurement practices to make host agencies the consultants' contractual clients wherever congruent with prudent stewardship of your funds and with local management capacities.

If necessary, get actively involved in counterpart relationships to facilitate their feasibility and effectiveness. Share with the host agency your prior experience—pro and con—sponsoring counterpart relationships. Encourage the client to make and keep the necessary commitment to these relationships, including selection of outstanding personnel, giving those personnel the freedom and resources commensurate with active participation, and so forth. Impress upon the consultants that you are serious, for example, by emphasizing know-how transfer and counterpart relationships in their TOR, insisting that adequate levels-of-effort are budgeted, selecting measurable counterpart learning and achievements as consultant outputs, and pegging progress payments to production of those outputs.

Lessons for Technical Assistance Consultants

Educate yourself about the identity, priorities, and personnel of local interest groups. As soon as possible, starting even before submitting your proposal in response to the Letter of Invitation, find out who's who in the host-country operating environment. Which are the key inner-circle and outer-circle institutions and the working relationships among them? Who are the key individuals and which are the key networks within those institutions? Tap all legitimate sources to collect this invaluable information: the donor agency, other consulting firms, your embassy, professional and popular literature, foreign investors, nongovernmental organizations, and so on. If feasible and affordable, visit the project site before submitting your proposal.

Once selected and performing the technical assistance services, utilize those local interest groups for information and support. With your client's knowledge and authorization, keep appropriate groups informed of project progress. Seek their opinions about preproject problems, project needs, and your proposed solutions. Use constituents of your client agency as test populations for project innovations. Mobilize allies and advocates for change. Cultivate early relationships with key individuals within other agencies that must ultimately approve your initiatives. Win their support by welcoming their input.

Solicit project cosponsorship to broaden your base. Again with your client's (and donor's) advance knowledge and authorization, pursue opportunities for complementary cofinancing. Be a marriage broker by facilitating cosponsorship of appropriate project events or products by other agencies of the host government. This will bring specialized expertise to the table, broaden your impact, and greatly enhance prospects for postproject sustainability. Take care, however, to weigh the potential benefits of additional resources against the risks inherent in having to serve and satisfy multiple investors. Too many cooks spoil the broth.

Be alert to potential executing agency problems. At contract negotiations ask for explicit clarification regarding the donor's proposed allocation of principal-agent supervisory authority and responsibilities. If possible, ask to see the agency agreement. If the principal is not present at the negotiations, request permission to solicit its views. Insist on open and direct channels of communication between your field team and the donor and client. If resisted by the executing agency, seek the donor's endorsement of that resistance before signing your contract. The executing agency is not your enemy. But it should not interpose itself between your team and the host agency as operational client. (Neither should it impede your relationship with the donor's resident representative, especially if the agency has no permanent local presence.)

Within your host-agency client institution, identify and cultivate key personnel on all three tiers. Do not be elitist, interacting only with ministers and other top-tier leaders. Reach out to colleagues on all tiers, demonstrating your respect and earning their trust. In particular, do not make the mistake of ignoring lower-tier support staff. They do most of the work in any host agency and invariably receive the least recognition.

Encourage your host agency to play an active co-ownership role in the project. Even if the donor or its executing agency is your contractual client, in an institutional development assignment the host agency must be your operational client. Look to agency leaders for directives, approvals, and support. Demonstrate that you understand you are working primarily for them. At the same time, be realistic in recognizing that client co-ownership does not mean sole ownership. The donor and executing agency must also be served and informed. All these principals should share the credit for your achievements.

Discourage your donor from micromanaging or from injecting nondevelopmental agendas into the project. Keep the donor reasonably informed of project progress. Scrupulously honor all deadlines and deliverables. But resist from the outset any indications by donor (or executing agency) supervisory staff of a desire to intrude as de facto project managers. Equally, resist any donor requests for confidential client information or attempts to manipulate the project for political or economic aims. The donor is fully entitled to reap the benefit of successful technical assistance. After all, it provided the funding. It is *not* entitled, however, to compromise the integrity of your professional services by abusing your privileged position within the host agency.

Seek clear guidelines about your expected advisory and operational roles. Attempt to obtain explicit contractual guidelines indicating the client's and donor's expectations about your intended allocation of services between decision-makers' and counterparts' tiers and between advisory and operational modes. Recognize the trade-offs. Be aware, in particular, of the incompatibility between a heavily operational assignment and sustainable know-how transfer. Address this issue explicitly in your project design. Alert both sets of principals to any problems if this agreed balance is challenged or jeopardized during project implementation. Avoid the temptation to jump-start your services by starting operationally and deferring advising and transferring. Remember the example of our Lao project's investment-promotion journal. Even with the best of intentions, an operational role once assumed can be devilishly difficult to reduce or surrender.

Remember the differences between an advisor and an advisee. Know your place. You are not in charge (despite your gray hairs and Ph.D.). Earn your client's trust. Stay in the background. Keep your mouth shut in public. Never take credit. Always honor confidences. Keep advice succinct, responsive, and jargon-free. Respect local sensibilities. Avoid interpreters and other intermediaries.

Include counterpart relationships in your top technical assistance priorities. In contract negotiations and project design, confirm that your client and donor both understand and accept the major reciprocal commitments and investments required to make these relationships work. Budget adequate time, especially for a project launch workshop. Press for consultant approval of the client's counterpart nominees. Appeal to counterparts' self-interest. With donor's and client's advance knowledge and concurrence, reward counterparts for their efforts with training, mentoring, travel, research materials, career references, and other available resources. Unless expressly permitted by donor guidelines, avoid topping up counterparts' local salaries with project funds. This is certain to provoke acute resentment by host-agency colleagues and to create difficult reentry problems upon project completion. Keep counterpart relationships operationally relevant. If they're not working satisfactorily, don't remain silent. Seek help from your client and, if necessary, from your donor.

❖ ❖ ❖

Project parties and interest groups, roles and relationships are people- and process-oriented. They are not primarily technical but organizational, interpersonal, and cross-cultural in their dynamics. They help make technical assistance exciting and infuriating. My experience has repeatedly confirmed that empathy, humility, patience, and a sense of humor are excellent weights with which to tilt these scales in a positive direction.

Table 4.1 Technical assistance parties and interest groups: a typical array plus Lao project illustrations

In a typical TA project	In our Lao project
The principal parties	
The host-agency client	The FIMC and its Permanent Office
The donor agency (or its executing agency, if any)	The World Bank as executing agency for UNDP (during phase I)
	OPS as executing agency for UNDP and UNDP's resident mission (during phase II)
The consulting firm	IDC
Inner-circle institutions	
The host agency's parent institution (if any)	The Council of Ministers
The host agency's affiliates	MEER (During phase I)
	CPC (During phase II)
The client government's donor-liaison unit	MEER's International Relations Department
The project donor (if the principal party is an executing agency)	UNDP (During phase I)
Outer-circle institutions	
Other agencies of the client government	The Ministries of Culture & Information, Economic Planning & Finance, Justice, Agriculture & Forestry, Commerce & Tourism, Communications, Posts, Transport & Construction, Foreign Affairs, Industry & Handicrafts, Interior, and Science & Technology. The Central Bank, the National Assembly, and the National Tourism Authority
	State-owned enterprises
	Provincial and municipal governments
The host agency's private-sector constituents	(Prospective and licensed) foreign investors
	The Lao National Chamber of Commerce & Industry

Table 4.1—*continued* Technical assistance parties and interest groups: a typical array plus Lao project illustrations

In a typical TA project	In our Lao project
Other technical assistance projects, their donor agencies and consulting firms	The UNDP commercial legislation, privatization, Tax & Customs reform, and statistics projects
	The UNDP Hydrogeneration and Mining Sector Projects
	The UNDP Public Administration Reform Project
	The Australian Government Telecommunications Project
	The World Bank Government Budget-Strengthening Project
	The World Conservation Union (IUCN) Natural Reserves Project
Other interested third parties	Domestic investors
	Foreign contractors and suppliers
	Foreign embassies represented in Vientiane

Table 4.2 Key individuals within the principal parties: a typical array plus Lao project illustrations

In a typical TA project	In our Lao project
Top-tier leaders and decision-makers	
WITHIN THE CLIENT GOVERNMENT:	
Ministries, vice ministries, etc.	The FIMC president, vice president, general secretary, and permanent members
WITHIN THE DONOR AGENCY:	
Department heads and division chiefs	The UNDP resident representative, the World Bank Lao country division chief (during phase I), the OPS regional head (during phase II)
WITHIN THE CONSULTING FIRM:	
The home-office project coordinator	IDC's managing director
Middle-tier project professionals	
Host-agency managers and counterpart personnel	The FIMC Permanent Office director, division chiefs, and professional staff
Affiliate-agency staff	The MEER International Relations department head (during phase I) and CPC IRD head (during phase II)
WITHIN THE DONOR AGENCY:	
Project supervisors, technical assistance officers, and contract officers	The UNDP resident mission's senior economist, the Word Bank's project officer and technical assistance officer (during phase I), and OPS's contract officer (during phase II)
WITHIN THE CONSULTING FIRM:	
Field-team professionals	IDC's project manager/resident foreign investment advisor, special events advisors, and short-term specialists
Lower-tier support staff	
WITHIN THE CLIENT GOVERNMENT:	
The host-agency administrative and clerical personnel	FIMC Permanent Office support staff
WITHIN THE DONOR AGENCY:	
Resident-mission (if any) and home-office administrative and clerical personnel	UNDP Resident Mission, World Bank Home Office (during phase I), and OPS (during phase II) support staff
WITHIN THE CONSULTING FIRM:	
Home-office and field-office administrative and clerical personnel	IDC headquarters and Vientiane project office support staff

Table 4.3 Some recommended basic principles for advising client decision-makers

- Know your place.
- An advisor's effectiveness increases in direct ratio to the client's trust.
- In public, the advisor should be invisible.
- Mutual respect is not essential, but, if genuine, it can powerfully enrich the advisory relationship.
- The best advice is brief and practical.
- The best advice is culturally appropriate and cross-culturally sensitive.
- Third-party interpretation should be avoided whenever possible.

Table 4.4 Some recommended basic principles for counterpart relationships

- "It takes two to tango."
- Equal rank or status is not essential.
- What *is* essential is mutually perceived self-interest.
- The most engaging counterpart relationships have operational relevance.
- Take time to start right: convene a project-launch workshop.

Table 4.5 Lessons from Laos: technical assistance parties and interest groups, roles and relationships

Lessons for the client

- In project planning, design, and execution, look beyond the principal parties.
- If the donor proposes to utilize an executing agency to supervise the project, press for early clarification of the intended relationship between principal and agent.
- Within the project's other parties (i.e., the donor and the consultants), cultivate the principals.

Table 4.5—*continued* Lessons from Laos: technical assistance parties and interest groups, roles and relationships

- Within your own host agency, pay attention to the interests of personnel on all three tiers.
- Assert your host agency's legitimate claim to project co-ownership.
- Establish and enforce a clear allocation between your consultants' expected advisory role and their operational role.
- Do not hesitate to utilize technical assistance to supplement and enhance local capabilities, in both advisory and operational capacities, as appropriate.
- Proactively manage your advisory relationship with your consultants in order to maximize the benefit which you receive from that advice.
- If you are serious about know-how transfer and institutional development, take counterpart relationships seriously.

Lessons for the donor

- Pay attention to interest groups surrounding the host agency.
- Voluntarily share project co-ownership without being pushed or asked.
- If necessary, get actively involved in counterpart relationships to facilitate their feasibility and effectiveness.

Lessons for the consultants

- Educate yourself about identity, priorities, and personnel of local interest groups.
- Once selected and executing the technical assistance services, utilize those local interest groups for information and support.
- Solicit project cosponsorship to broaden your base.
- Be alert to potential executing agency problems.
- Within your host-agency client institution, identify and cultivate key personnel on all three tiers.
- Encourage your host agency to play an active co-ownership role in the project.
- Discourage your donor from micromanaging or from injecting nondevelopment agendas into the project.
- Seek clear guidelines about your expected advisory and operational roles.
- Remember the differences between an advisor and an advisee.
- Include counterpart relationships in your top technical assistance priorities.

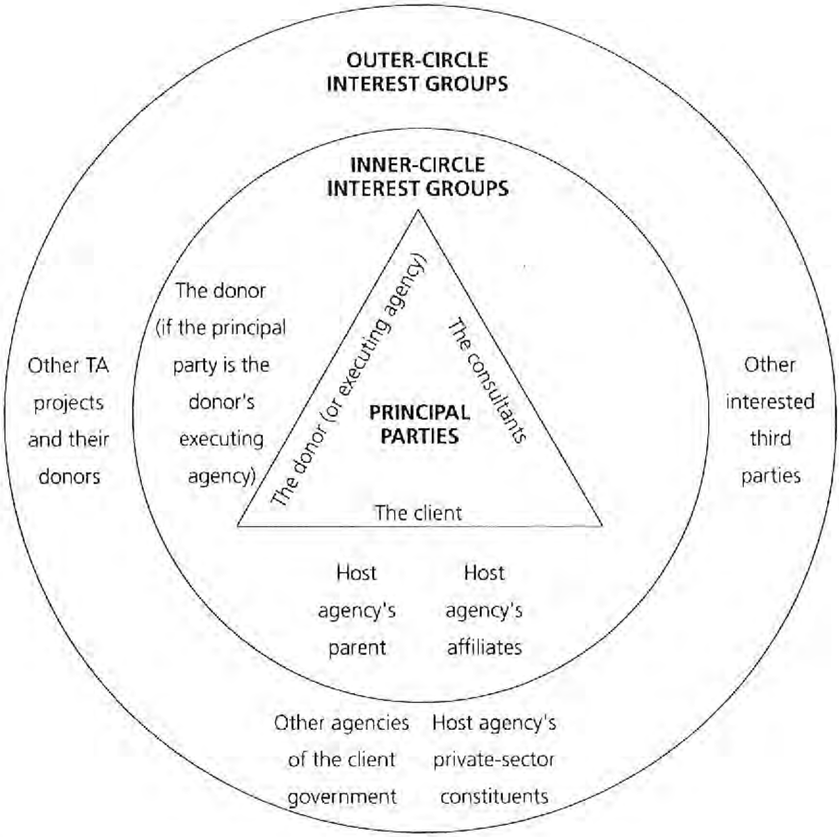

Figure 4.1 Technical assistance parties and interest groups: a conceptual framework

HOST-AGENCY CLIENTS AND COUNTERPARTS	MODE OF SERVICES	
	Advisory	Operational
TOP-TIER DECISION-MAKERS	A	B
MIDDLE-TIER PROFESSIONALS	C	D

Figure 4.2 A consultant's dilemma: what modes of technical assistance services to render and to whom?

NOTES

[1]See Chapters Five and Six, respectively.

[2] To facilitate that awareness and execution, Hulme (p. 440), drawing on the work of William Smith and others at the World Bank, counsels the client's (and, by implication, the consultants') project managers to distinguish among three sets of management factors:

(1) Those subject to host-agency *control*, including the setting of host-agency strategic objectives, plans of action, the use of staff time and the allocation of internal financial and material resources;

(2) Those subject to host-agency *influence*, for example, the objectives, deployment of staff, and allocation of resources by other inner-circle interest groups operating in the same area or sector; and

(3) Those over which the host agency can exert no effective influence but which affect the agency's (and project's) performance—for example, the physical environment, political stability, cultural values, etc.

[3] This point illustrates another generic institution-related management principle: the need to pay close attention to each party's chief geographical base. If remote from the project site, this will have unavoidable consequences for international communications, decision turnaround, limited opportunity for face-to-face meetings and other logistics.

The World Bank, for example, as a matter of policy, institutional culture, and economy has traditionally preferred to concentrate its human resources at its Washington, D.C., headquarters. That remains the Bank's predominant staffing pattern although field missions have been established in some important capitals, often with regional responsibilities. (And in fact, the World Bank *Handbook* makes a strong case for getting those missions more actively involved in project supervision, largely in recognition of the virtues of continuous proximity to project action. Module 28, 181-184.) OPS, on similar critical-mass grounds, remains centralized in New York City.

For technical assistance managers, who's where can be as important as who's who. The geographical dimensions and implications of project coordination are examined in Chapter Seven, Project Coordination.

[4] Coordination of our Lao project's liaison with both affiliated and unaffiliated projects is the subject of Chapter Seven, Project Coordination.

[5] When, as in our Lao project context, a host-agency's institutional development is being promoted to help drive the process of macroeconomic reform, White (*Implementing Economic Policy Reforms*, p. 55) suggests that two chief objectives are served by stimulating active client co-ownership of a technical assistance project:

(1) Enhancing the feasibility, local appropriateness and sustainability of the proposed policy reforms by involving in the collaborative design of those policies the same host-agency decision-makers and technical professionals who will be charged with responsibility for policy implementation; and

(2) Broadening the support base for getting those same reforms adopted. Co-owners make committed advocates.

[6] The World Bank maintains that strong, deliberate client commitment is an absolute necessity for successful institution-building technical assistance. In the Bank's analysis (World Bank *Handbook*, p. 36), there are three minimal enabling conditions:

(a) The *felt need for change* by the borrower [client] (often in the form of a perceived gap between desired and actual performance), and a strong borrower commitment to promote the desired changes by creating an environment in which the need for change is explored and agreed from a local perspective;

(b) The *involvement* of the borrower in all phases of project design and delivery, after a strategy and work program for institution-building technical assistance have been agreed; and

(c) A minimum assurance by the borrower of resources to enable a follow-through on the proposed program.

This same analysis emphasizes that top-tier commitment by client decision-makers is insufficient (*Ibid.*, p. 37):

> To reach a consensus on the real need for TA, a considerable degree of mutual professional trust must be established at all levels. Assessing a recipient's commitment to TA is not simply a matter of verifying a minister's acceptance of the need for assistance...Many agreements reached at the top levels of government are often highly tenuous, and TA is often requested not because it is needed but because it might pave the way for financial assistance. In such circumstances, the TA may be resented by the national staff; hence chances of its success would be seriously impaired.

The Handbook (*Ibid.*, Box 5.4, p. 38) goes on to enumerate five factors that might induce a client to withhold or withdraw its necessary commitment:

(1) An inclination to underestimate the complexity of certain development undertakings and of the consequent managerial and technical skills requirements;

(2) A tendency to believe that unqualified manpower can substitute for skilled manpower and that capital investment can replace both;

(3) A tendency to underrate the value of TA not immediately related to construction of physical facilities or the provision of equipment;

(4) An aversion to politically sensitive interventions; and

(5) A reluctance, especially in light of economic reversals and strong localization pressures, to use borrowed funds for expatriate manpower.

[7] For grant-financed, as opposed to loan-financed, technical assistance, the equivalent terms are recipient or grantee.

[8] Reflecting early World Bank experience, the Bank's *Handbook* adopts a cautious stance on borrower [i.e., client] execution or management of Bank-financed institution-building technical assistance. Module 26, pp. 171-174. Its reticence is not unusual. The UNDP paper *Rethinking Technical Cooperation* (p. 257) reports that:

> ...despite agreements in principle voiced at international meetings, many donors are reluctant to hand over extensive technical cooperation authority to recipient governments. Donors doubt that adequate capacity exists in many cases. They worry about corruption. They fear loss of control over their programmes and priorities, much of which is imposed by their headquarters and their national legislatures. They know that national management would require profound changes in the traditional ways of doing technical cooperation business.

[9] In that same spirit, the World Bank *Handbook* (p. 77) asserts that, even where the donor is the consultants' contractual client, it is important that the consultants' TOR should indicate clearly that the accountability of the consultants is primarily to the host-agency. Toward that end, a project sponsor or key person should be appointed within the agency to whom the consultants are professionally accountable. Conceding that consultants often incorrectly assume that they are responsible and accountable to the donor, the *Handbook* counsels Bank staff to correct that mistaken impression during early supervision missions.

In all candor, however, while the *Handbook* clearly represents official Bank policy, in my experience many, if not most, project supervision staff employed by this and other donor organizations tend to share (and reinforce) that mistaken impression.

[10] To sharpen this functional dichotomy for purposes of the present discussion, this choice will be presented as simply bipolar—advisor or operator. Other commentators have correctly pointed out, however, that, in practice, a variety of alternative consulting functions might be demarcated along this continuum. For example, Cohen favors a typology distinguishing between (1) "high-level neutral advisors", (2) "gap-filling advisors" (i.e., outsiders, normally expatriates, temporarily filling operational slots while permanent staff are abroad for extended education or training), (3) "condition precedent advisors" (required by project donors to help administer macroeconomic

policy reforms), (4) "gate-keeper advisors" (again insisted upon by donors to ensure that their aid packages' financial and material resources reach intended beneficiaries), and (5) "specialist advisors" (with hard skills not locally available within the host agency), pp. 495-498.

Gow favors a roster including five roles or operating styles for individual consultants or consulting teams: (1) "the performer" or operator, (2) "the substitute" (corresponding to Cohen's gap-filler), (3) "the teacher", (4) "the mobilizer", combining advisory and advocacy roles, particularly in a community development or institution-building project, and (5) "the scapegoating gadfly", a high-visibility, high-risk profile in controversial reform initiatives. He emphasizes that no consensus favors any single role, nor should it, since different situations call for different styles. Moreover, the most appropriate role may evolve as a project life cycle matures, for example, first favoring performers and mobilizers and then later teachers. He further emphasizes that there may be considerable overlap between roles, for example, between the teacher and mobilizer and the mobilizer and gadfly. "The Provision of Technical Assistance: A View from the Trenches," pp. 85-88.

For an even more ambitious array, compare Fry and Thurber (pp. 17-31), who distinguish no fewer than twenty multiple roles of international development consultants, grouped into six main categories: analytical, political, economic, operational, informational, and cultural.

[11] At the time, this language choice seemed to best serve the project's need to get high productivity out of short-term foreign specialists. Our drafting experts had world-class technical qualifications but none was conversant in Lao. This presented no immediate problems because our key Lao counterparts were quite comfortable working in English.

Later, however, this language issue became much more complicated. Some key leaders from whom we needed approval could only confidently absorb a Lao text. The National Assembly worked officially only in the national language. Yet we found ourselves hard-pressed to identify and retain the services of legally trained, fast-working, fully bilingual translators who could keep pace with rapid amendments once the measures gained momentum through the lawmaking pipeline. To further complicate this problem, Lao and English frequently lacked precise synonyms for technical legal and foreign investment concepts. So moving backwards and forwards between the two languages provoked repeated ambiguities and misunderstandings, not all of which were promptly detected and resolved.

[12] In this context, I even had one host-agency client which went so far—thankfully early in our advisory relationship!—as to deliberately test my respect for confidentiality by purposely revealing to me specific sensitive information and then monitoring the donor's conduct to ensure that I had not passed it on. I chose to take it as a tacit

vote of confidence that the client later disclosed this tactic to me when requesting me to extend my advisory services.

[13] Compare Note 11.

[14] Gow and Morss (p. 1403) offer a succinct analysis of the potentially crippling impact which counterpart relationships can suffer when sufficient numbers of well-qualified host-agency personnel are unavailable:

> ...[M]any countries in the Third World have only a small cadre of trained people. However, because their labor force often lacks technical and administrative skills, this cadre is severely overextended. This situation is often exacerbated by donor-funded development projects. Donors often require host governments to make a formal commitment of institutional and human resources support as a precondition for development assistance. Ostensibly, this donor requirement reflects a desire to involve host-country institutions and personnel in the project. In response, the recipient government agrees to assign responsibility to institutions for functions in the project and to provide specified numbers of personnel. Frequently, these commitments are unrealistic, given existing personnel constraints.
>
> For different reasons, however, both recipient and donor choose to overlook this inconvenient fact. This oversight is not the result of a lack of knowledge about real institutional capacity: rather it stems from eagerness to disburse aid moneys and to achieve quick development results, albeit at the expense of long-term efforts that could become self-sustaining. Once the project is underway, the government's inability to fulfill unrealistic promises exhibits itself in several ways: through shortages of trained personnel, delays in appointing personnel, appointment of junior personnel or ineffective use of those appointed.

These authors recommend four alternative stop-gap strategies for coping with host-agency personnel shortages: making training a major project component; simplifying project activities; not initiating a new project (especially where existing projects of this same donor and others are already overextending the host agency); or using foreign advisors to perform project activities [i.e., in an operational mode]. However, each of these triage responses has significant disadvantages for the client or the donor or both. All are not wholly satisfactory attempts to make the best of a bad situation. *Ibid.*, pp. 1403-1404.

[15] Note, however, that this advantage holds more true if the consultant's role is operational rather than advisory. Recall An Intractable Role Dilemma: Consultants as Advisors or Operators, beginning at page 85.

[16] As one practical vehicle for securing that reciprocity, the World Bank recommends drafting TOR for the relationship's local participants as well as for its foreign ones—i.e., for counterparts as well as consultants. In this way, both partners' expected inputs and outputs can be specified and agreed upon in advance, the parties' commitment to equal treatment can be dramatized, and a foundation for monitoring and evaluation can be laid. The *Handbook*, p. 76.

[17] For an analogy, see the complementary discussion of a consultants' on-arrival team-building exercise at Chapter Seven, Managing Multinational Personnel. These two activities could fruitfully be combined.

[18] Moreover, even if our Lao project was particularly blessed in this regard, there is evidence that it is important, if not essential, to have an outstanding performer in this host-agency project-manager role. Gow and Morss (p. 1415) report the congruent findings of multiple technical assistance surveys and analysts that strong leadership and project commitment by the host agency's lead counterpart are necessary preconditions for successful project management and execution, and that other factors cannot compensate for weak leadership.

[19] Brinkerhoff's third chapter, pp. 27-61, is a rich source of practical guidelines for stakeholder analyses and strategies.

[20] As concluded by a recent study of management consulting by the UN Center on Transnational Corporations *(Management Consulting*, p. 22):

> It is increasingly accepted [by major technical assistance clients in industrialized countries] that consultants are necessary not due to a client's incompetence or inability to respond to difficult situations, but because consultants are experts at providing workable solutions. Consultants can analyze business situations and address genuine client needs. Management consultants' interventions, jointly with their clients, can solve distinct problems, implement desired changes and help shape many important decisions in both private and public firms.

CHAPTER FIVE

Technical Assistance as Technology Transfer

Principles for Selecting Appropriate Technology

The test for to-be-transferred technology's appropriate age is not modernity but utility. Look for technology that suits the host institution and its personnel: this may be cutting edge, or it may have been available for thirty years. Resist the allure of the latest fad, but be equally wary of obsolescent cast-offs.

Decide which specialized know-how needed by the host institution must be mastered by the institution's own personnel and which can be better provided by technical assistance consultants. As criteria for making this distinction, consider how frequently the know-how will be needed, how feasible it will be to transfer to institution personnel, and how acceptable it will be (politically, economically, and institutionally) to import that know-how in the person of foreign advisors without transferring it to the institution personnel.

Better to start with a local technological core and then strengthen it by making reference to successful foreign precedents and analogs than to import "off-the-shelf" technologies, no matter how advanced or how glamorous, designed for incompatible environments.

Know-how that the host institution cannot readily afford to maintain following completion of technical assistance services may not constitute appropriate technology for transfer.

Technical assistance is not commonly paired with technology transfer. The two phenomena occur mostly in separate domains. Most technical assistance in international development projects is delivered to host-government clients and financed by public-sector donors' loans or grants. Most technology transfers, by way of contrast, are fundamentally private-sector transactions. Typically, a manufacturer of an industrial process or product sells or licenses its production technology to another private firm, receiving compensation directly from that transferee in the form of transfer fees and royalties. Frequently, the technology is proprietary—secret and perhaps also legally protected by patents or trademarks or other monopoly status—which is why it commands a market price. Along with the formulas and documents describing the technology, the transferee normally buys a training program and assurance (often contractually guaranteed) that, by the end of the transfer process, its personnel will independently be able to operate and maintain the technology without further input from the transferor. Chemicals, pharmaceuticals, microelectronics, telecommunications, and other engineering are among the major industries in which this development channel is actively employed. For the technology transferor, the transfer earns a return on its invention investment. For the transferee, it offers an opportunity to accelerate its development by acquiring existing technology without having to reinvent the wheel.

In this, as in other areas of public-sector management where governments are seeking to guide economic transitions, those governments can benefit by studying and adapting, as appropriate, effective private-sector precedents. Particularly where the intended role of technical assistance is to facilitate institutional development, technical assistance managers have much to learn from the conceptual framework and operational dynamics of technology transfer. At a minimum, the transfer process can offer a fresh lens through which to analyze technical assistance plans and priorities. More ambitiously, it can constitute a powerful management tool for organizing, scheduling, and evaluating the delivery of technical assistance services.

Earlier chapters alluded to fruitful linkages between institution-building technical assistance and technology transfer.[1] The present chapter sharpens that focus. First it suggests how technology-transfer concepts and methodologies can be legitimately applied to technical assistance interventions and the practical utility that technical assistance managers can derive from that application. Next it examines a crucial technology issue—appropriate technology—and a crucial transfer issue—in-service training—both in the context of technical assistance for institutional development. Throughout the chapter, general principles are illustrated by references to our UNDP Lao Foreign Investment

Advisory Project. The discussion concludes, as usual, with recommended lessons for technical assistance clients, donors, and consultants.

A CONCEPTUAL FRAMEWORK

Technical Assistance for Institutional Development: A Transfer of Technology

The technology needed to strengthen a host-agency institution of the type most commonly served by technical assistance projects is *know-how*: managerial and operational knowledge, skills, and attitudes. Technical assistance can contribute to the institution-building effort by transferring know-how from outside the host agency (and most often from outside the host country) to the agency's leaders and permanent local staff. As illustrated by Figure 5.1, two sets of know-how are normally transferred:

(1) *Tangible* know-how, from an extensive menu of available management and operational tools that, in a given case, might include some or all of the following: proposed organizational structures and systems, legislation and regulations, sample forms and checklists, databases and customized software, special reports and other technical documentation, training and reference materials, office and communications equipment,[2] and

(2) *Intangible* know-how in the form of specialized technical knowledge, skills, and attitudes required to employ those tools with confidence and competence.

To transfer tangible know-how to the host agency and its personnel, *organizational development* techniques are primarily employed. On the basis of a collaborative client-consultants needs assessment, a system-strengthening strategy is formulated, including a know-how-transfer component. To begin execution of that strategy and implementation of the transfer process, new systems, procedures, and other tangible know-how are introduced into the host agency's structure and operations first, by selecting tools from the internationally available *inventory* familiar to the consultants, applying the criterion of local appropriateness—that is, compatibility with the agency's capacities, conditions, and constraints,[3] and next, by adapting those imports to local (i.e., national and institutional) conditions and constraints. In fortunate cases, this adaptation may generate significant improvements in the form of technological innovations.

Simultaneously, the consultants are facilitating the complementary transfer of intangible know-how through *human resource development* of host-agency personnel. This dynamic skill-building effort embraces a wide but integrated array of learning activities for host-agency decision-makers, professionals, and support staff including on-the-job advisory and counterpart relationships, in-country and overseas training, international study tours, and so forth.

As indicated by the figure, these two transfer tracks (and technology sets) are then combined in a *consolidation* stage, beginning with trial operation. Trial operation is a period of one-on-one collaboration between consultants and counterparts during which the adapted tangible know-how is debugged and fine-tuned and the learned intangible know-how is reinforced through counterparts' supervised on-the-job practice.

At the end of the trial operation period, the new tools and the local personnel's capacity to independently operate them should both be tested by agreed standards and the transfer accordingly accepted by the client. (If those tests are not successfully passed, retesting or extended practice or both may be required.) Acceptance completes the technical assistance's residential stage. Thereafter, consultants are frequently requested to keep their key project personnel available for a period to return to the host agency for brief missions, perhaps initially on a regularly scheduled basis for routine maintenance of the transferred know-how and then later only when specifically requested by the client for downstream troubleshooting. Typical technical assistance activities conducted during those final, nonresidential stages of the know-how transfer process might include, for example, consultations on actual cases of host-agency operations or management, updating of the originally introduced systems and procedures, and refresher training courses for host-agency counterparts.

If prudently designed and vigilantly executed, this technology transfer process can result in an organically strengthened host-agency institution. As recommended in Chapter Three, five to ten years of residential and then intermittent technical assistance services might realistically be budgeted to facilitate a sustainable know-how transfer.[4]

This sketch applying technology transfer concepts and methodologies to technical assistance for institutional development is painted with broad brushstrokes. A few details warrant clarification and elaboration even in this brief overview.

Some of the most valuable institution-building know-how is likely to be available near at hand, within the host country, rather than farther afield. For example, managerial and operational techniques already being successfully employed by local private-sector and parastatal institutions may be suitable for transfer into a project's governmental host agency with less adaptation that might typically be required for foreign know-how.[5]

It also bears emphasizing that technology transfer in any application, but particularly within an institution-building technical assistance project, is a bidirectional process. Host-agency personnel have as much to teach as they do to learn. For example, technical assistance needs assessment, know-how adaptation, and counterpart relationships are all more likely to be effective if those counterparts are permitted and encouraged to contribute their superior knowledge of local conditions and constraints—in effect, to act as cotransferors as well as transferees.[6] Local empowerment is a prerequisite for any effective know-how transfer, and it is always empowering to be able to give as well as receive.[7]

Another crucial clarification is that some institution-building initiatives introduced by technical assistance consultants can be legitimate and powerful transfers of know-how to the host-agency institution even though agency personnel do not thereafter master the ability to replicate those initiatives. This will especially be the case for one-time-only initiatives.[8]

As a final caveat, introducing a test-cycle at the end of trial operation to confirm that complete know-how transfer has been successfully achieved, as recommended above, requires extremely careful design and execution by technical assistance managers. First, all parties (client, consultants, and donor) must agree on what constitutes fair tests. This in itself may not be easy where the know-how is *soft*—as, for example, in the case of foreign investment policymaking or negotiating. Moreover, high-ranking host-agency decision-makers and senior technocrats may not take kindly to being tested for know-how mastery, especially if they perceive a risk of public failure. It is also not fair to assign total responsibility for that failure to the consultant-transferors. One cannot guarantee successful transfer to a counterpart who is unqualified, uncooperative, or unavailable. Similarly, it is not fair to withhold all of the consultants' fees until transfer tests have been successfully completed, in a case where the firm has faithfully and professionally provided the contracted quantum of services and has introduced valuable know-how.

For all of these challenges, however, technical assistance managers can profit by studying and adapting transfer-design techniques from industrial precedents. In industrial know-how transfer agreements, for example, the parties typically agree in advance of transfer implementation on specifically what know-how must be transferred, what the tests will be for confirming that transfer, what controls the transferor (in a technical assistance context, the consultants) will have over transferee (counterpart) non performance, what *force majeure* conditions will excuse the transferor from responsibility for test failure, and, where test failure is unequivocally attributable to transferor default, what will be appropriate sanctions for that default. (Examples of the latter penalties include an obligation for the consultants to correct and retest until success is achieved, at their own expense; or retention by the client of some portion of the total transfer fee, perhaps 10 percent, until success is achieved.) In sum, holding technical assistance consultants accountable for know-how-transfer results is not a simple management undertaking, but it is one for which there is ample precedent and guidance.

The Framework's Practical Utility for Technical Assistance Managers

The technology-transfer framework can bring impressive analytical power and discipline to bear on the planning, design, execution, and evaluation of institution-building technical assistance. For instance, the framework can be extremely useful to demystify institutional development. In place of some vague philosophical abstraction, institutional development viewed through a technology-transfer lens is perceived as a focused consultancy mandate: namely, to strengthen the host-agency client's managerial and operational performance. Through that same lens, all the consultants' required inputs and outputs can be seen to lead directly to a single payoff, the successful transfer of performance-strengthening know-how.

With the project target thus redefined, all elements of the technical assistance package of services can also be perceived in this same new light.

The substantive content of the required services becomes the know-how necessary for transfer. Since the host agency's operational performance depends both upon its organizational systems and procedures and upon its personnel, that know-how will have to encompass both tangible and intangible components. The nature and scope of that know-how should in large measure determine the consultants' technical qualifications formulated by the client and donor in the preliminary project plan. And since the agency must operate in the real world, as defined by local capabilities, conditions, and constraints, the know-how must commensurately be locally appropriate.

From this same perspective, the methodologies of technical assistance should be chosen to transfer the necessary know-how. This will require anchoring the technical assistance to a sober needs assessment—not an assessment of all input that the client or donor might like or that the consultants might be qualified to offer, but an assessment of the host agency's operational role, preproject performance defects, and feasible project-facilitated improvements.[9] The agreed findings of that assessment should then constitute the principal foundation for the agency's institutional development strategy, including the know-how-transfer component of that strategy to be contributed by the technical assistance project. That component's needed organizational development and human resource development tracks will, in turn, dictate the optimal technical assistance methods.

As additional illustrations of how the technology-transfer framework can fruitfully be applied in technical assistance management problem-solving, recall the previous discussions of institution-building scheduling and of allocating consultants' energies between advisory and operational modes of service delivery.[10] Know-how-transfer analysis can directly assist project managers to establish realistic time frames for institution-building technical assistance. There exists considerable international experience scheduling comparable transfers in private-sector transactions, including many in developing countries. Similarly, the concept can shed light on the advisor-operator role dilemma by casting the consultants squarely and primarily in the role of technology transferor. Seen from that perspective, some advisory services will clearly be required, but on a temporary basis within the context of human resource development. Likewise, some operational work will be appropriate, but only during the trial operation period and with an emphasis on incrementally handing over control to counterparts. Consultant participation in counterpart relationships and conduct of training services will also be required, but not as isolated or subordinate responsibilities. Instead they should be integral to know-how transfer. Accordingly, that core obligation should largely dictate their content, scope, timing, methods, materials, and trainee-transferees.

Finally, the know-how-transfer perspective can significantly enhance the project parties' ability to measure and evaluate the quality of technical assistance performance. The consultants' required inputs can be specified as tangible and intangible know-how introduced and adapted, and as organizational development and human resource development activities designed and conducted. Required output, in turn, can be defined in terms of a successful know-how transfer process. That success can be tested and confirmed by agreed standards and procedures demonstrating the host agency's and personnel's demonstrated capacity to independently utilize the transferred know-how.

In sum, the conceptual framework of technology transfer can hold practical utility for technical assistance managers. A powerful lens, it can sharpen all three parties' focus on what technical assistance is intended to accomplish, how to achieve that objective, and how to measure and confirm that it is being achieved. Next, let's illustrate these general principles and observations with specific examples from our UNDP Lao project. How did we apply the framework, with what results, and how might we have done so more effectively?

Illustrating the Framework's Application With Our UNDP Lao Foreign Investment Advisory Project

In our project's design and execution, our IDC team applied technology transfer concepts and methodologies in a number of specific instances. However, the framework as a whole was not adopted by the client and the donor as an agreed agenda for defining or evaluating the services to be rendered. To the contrary, the project's initial one-year time frame precluded any serious institution building, whether by technology transfer or any other approach. Still, in this discussion, reference to our project can both illustrate how analyzing a technical assistance project from a technology transfer perspective can assist project managers to sharpen their objectives and expectations, and report how that perspective was in fact employed in an actual case.

To begin that illustration, from a technology transfer perspective the institution-building know-how that our Lao project was engaged to transfer to IDC's host-agency client, the FIMC and its Permanent Office, was how to establish and operate an integrated foreign investment management system. When complete, that system would comprise management institutions, rules, and functions, and those functions would encompass investment policymaking and lawmaking, attraction, and regulation.[11]

This required know-how embraced both tangible and intangible forms.[12] Examples of the tangible know-how that we in fact transferred included, among others:

- Proposed (and accepted) modifications of the FIMC's and Permanent Office's organizational structures;
- Proposed (and accepted) investment policy guidelines and new foreign investment legislation and regulations, all supported by comparative analyses of third-country analogs;
- A new standard-form investment license application form;
- A new procedural system for recording and analyzing license approval data;
- Recommended (and accepted) investment-negotiation techniques;
- New standard-form Lao mineral-investment contracts;
- Investment-management training materials; and
- Investment-promotion brochures, journals, and audiovisual materials.

The transferred intangible know-how, in turn, encompassed the entire body of strengthened investment-management knowledge, skills, and attitudes acquired by FIMC leaders and Permanent Office counterparts as the direct result of our specific and cumulative technical assistance interventions. These enhanced capabilities spanned the entire spectrum of foreign investment management functions.

Turning from technology to transfer, our project utilized the transfer process's organizational development track to transfer tangible investment-management know-how with a wide variety of methodologies. These included the following:

- Conducting a collaborative needs assessment at the beginning of phase I;
- Formulating the consequent institution-building strategy and FIMC action plan on the basis of that assessment;

- Introducing (selecting and adapting) locally appropriate investment-management tools—structures, systems, procedures, forms, and other documentation—to help implement that strategy and plan during the remainder of phase I and throughout phase II;

- Conducting trial operation of the FIMC's strengthened foreign investment management system under the consultants' supervision through the conclusion of IDC's phase-II residential services midway through 1993; and

- Supplementing and reinforcing the know-how transfer during three "routine maintenance" missions of the resident advisor in 1993 and 1994. No provision was made in our project design or budget for additional downstream troubleshooting.

Simultaneously with this organizational development track, our project team facilitated human resource development within the FIMC, its Permanent Office, and affiliated Lao Government agencies through such transfer methodologies as advisory and counterpart relationships, in-country training seminars and workshops, overseas study tours, international investment-promotion forums, in-country conferences, and supervised on-the-job training during trial operation of the new investment-management know-how and of the strengthened investment-management system.

The facets of this know-how-transfer process that seemed to work best in our Lao project were collaborative needs assessment, action planning, introduction (selection and adaptation) of locally appropriate new investment-management tools, trial operation of those tools (*by the consultants*—and this is a major caveat) and diverse human resource development activities. Our notable technology-transfer shortcomings included the project's failure to design a fully integrated know-how-transfer process with adequate time lines, to devote sufficient time and effort to handing over control of the introduced tools to FIMC personnel, and to test and confirm a successful, sustainable transfer. With benefit of hindsight, standards for the latter confirmation might have included some or all of the following indices:

- Measured improvements in the quantity and quality of new foreign investment entering the country before and during the project, preferably with survey data confirming that project-sponsored investment-management initiatives in fact were positively influencing new investors' entry decisions;

- Measured improvements in the terms of major foreign investment contracts negotiated by our FIMC counterparts that could fairly be attributed to project-transferred tangible and intangible know-how;
- Measured improvements in the speed of Permanent Office processing of foreign investment license applications, again checking to ensure that part or all of this increased efficiency was fairly attributable to project interventions;
- Demonstrated FIMC and Permanent Office capacity to independently organize and conduct an investment-promotion conference;
- Demonstrated Permanent Office capacity to independently produce and distribute the project-launched FIMC investment-promotion journal;
- Demonstrated Permanent Office capacity to independently continue the project-launched semiannual publication of credible investment-licensing statistics;
- Demonstrated Permanent Office capacity to independently collect and analyze investment-performance monitoring data. Obviously, it would not have been fair to either party in this transfer process—transferee client or transferor consultants—to impose these test standards after the services had begun. But they could easily and fairly have been introduced as technical assistance performance criteria at the beginning of phase-II services. The chief impact of such a mutual technical assistance management decision might have been less new phase-II technology *introduced* but more technology *transferred*.

A CRUCIAL KNOW-HOW-TRANSFER ISSUE: SELECTING "APPROPRIATE" TECHNOLOGY

Some General Principles and Common Problems

In principle, few could quarrel with the precept that any technology selected for transfer—whether through technical assistance or any other channel—ought to be appropriate to the needs and capabilities of the recipient institution (the technology transferee). If the technology can't be used, it has no value, and its transfer will be pointless or even harmful. However, applying this seemingly self-evident principle in actual technical assistance situations has frequently proved problematic and even provocative. The crux of the matter lies in agreeing what is appropriate. Four dimensions of this problem illustrate the complexity and sensitivity of this technical assistance management challenge.

Yesterday, today, and tomorrow. Most technology evolves rapidly, especially in this postindustrial age. This accelerating pace of change automatically creates an incentive, on the part of all technology transferees, to attempt to keep up to date by acquiring the most recent technology. This inclination, while wholly understandable, can create serious practical difficulties for host-country institutions to which technology is being transferred within the context of technical assistance projects. For one thing, the most recent technology may have restricted legal or commercial availability. For another, in the short run at least it is likely to be uniquely costly to acquire, maintain, and operate (especially if capital-intensive). Equally discouraging, *cutting-edge* or *state-of-the-art* technology may simply be too sophisticated for compatibility with other systems existing in the host-country environment or for mastery by the transferees' local personnel. Any or all of these difficulties can reduce or block the utility of transferred technology for sustainable institutional development.

By contrast, older technology is almost certain to be more available, less costly, and more easily assimilated (especially if labor intensive). Here, however, the risk is of obsolescence, not merely in terms of inferior performance standards but also in terms of inability to procure spare parts and supplies. The technology transfer literature of the past thirty-plus years is replete with notorious examples of the dumping in developing countries of cast-off, outmoded technology by industrialized-country transferors.[13] And where institutional development is the purpose of technology transfer, feelings of victimization within the transferee institution can seriously undercut the empowerment essential for local commitment and ownership.

Between these two extreme poles, the desirable middle ground—the appropriate technology option—is technology that suits the transferee institution and its personnel. This may be cutting edge. It may have been available for thirty years. The test is not modernity but utility.

Even sharpening the temporal focus in this manner, however, does not obviate difficult management choices. In a recent Chinese project that I advised, the host government opted for state-of-the art technology even though it was much more costly and difficult to master, because the government's frame of reference for applying the utility criterion was utility in the first decade of the twenty-first century, at the end of the transfer process, not utility ten years earlier when the project was being designed.

In the end, as with other facets of appropriate technology selection, choice of a technology generation is primarily, though not exclusively, the client's decision. It is the client, after all, who will have to operate the transferred technology in the strengthened institution. The donor and consultants, however, also have legitimate timing interests—the former because modernity has obvious cost consequences; the latter because they will be held accountable for succeeding or failing to transfer the more or less sophisticated technology. In most cases, the donor and consultants will also have superior knowledge of what foreign technology of all generations is available in the international market. They may also have more dispassionate perspectives on which generation is most compatible with the absorptive capacity of the host agency and its local personnel. These parties have a professional responsibility and ethical obligation to share this information and these perspectives with their mutual client.

Need to know. A second dimension of the appropriate technology dilemma as it applies to institution-building technical assistance is to identify and agree upon which portions of the know-how that the project consultants are bringing to bear in their interventions need to be transferred to, and mastered by, the consultants' host-agency counterparts. Clearly, the counterparts must master the ability to operate, maintain, and repair the institution-building know-how introduced and adopted during the project. This is the prerequisite of sustainability.[14]

But other project initiatives may be of a one-time-only nature, in which case the counterparts may not need to master them. For still others, the requisite know-how may be so highly specialized, and its impact so profound, that it will be more cost effective for the host agency to continue to engage consultancy services to import the needed expertise than to invest in attempting to transfer that know-how to the agency's local staff. An example from the Laos development context was the government's need to conduct investment negotiations for private-sector financing, construction, and initial operation of a series of huge hydropower installations. Each of these projects cost literally billions of dollars. Yet the Build-Own-Operate-Transfer (BOOT) mode of project structuring that the government preferred to adopt for this development was highly complex and sophisticated, even by international standards. It was imperative that host-country interests be effectively defended in these negotiations. Yet it was doubtful that Lao technocrats in the FIMC Permanent Office or relevant energy-sector agencies could master all of the requisite know-how in time to apply it. Under these circumstances, the government opted to engage front-rank foreign consulting firms and investment banks to advise it on some of the most technical facets of these negotiations. Government staff remained in charge of the overall negotiating teams and also took lead responsibility for negotiation topics with strong local content (e.g., the national legal framework, project compatibility with sectoral development plans, local political and economic conditions at the project site, Lao bilateral relations with the Thai electricity authority that would be buying most of the electricity, etc.). But the government's foreign advisors supplemented this local know-how with their specialized foreign expertise *without attempting to transfer that expertise to their Lao counterparts*. There will only be a half-dozen of these specialized negotiations in the foreseeable future. The government's negotiating resources were already spread terribly thin. In cases like this, where highly specialized foreign expertise could be purchased and rapidly mobilized, this was arguably not appropriate technology for transfer to overworked counterparts.[15]

That having been said, it must be acknowledged that in similar areas where host-country interests are being defended in international negotiations, not all governments may be as pragmatic as the Lao Government in this instance when it comes to ceding negotiating influence to foreign advisors. The appeal of self-reliance and independence is always powerful, particularly if the available foreign advisors have not yet earned the trust of their host-agency clients. However, total self-reliance in such high-stakes encounters may well prove self-defeating. In the world's current information explosion, it is no longer feasible (if indeed it ever was) for local staff to be experts in all needed technical disciplines.

Realistically, some know-how that a host agency needs to know need not be mastered by the agency's own personnel. The key criteria for taking this transfer decision in a given case are how frequently will the specialized know-how be needed by the agency, how feasible would it be to transfer that know-how to agency staff, and alternatively, how acceptable would it be (politically, economically, and institutionally) to mobilize that know-how in the person of foreign advisors, without transferring it to that same staff.

Neither here nor there. Another troubling dimension of the appropriate technology issue is geographical origin. As a general rule, host-country technology transferees prefer imported to domestic technology. Imports are exotic and novel, they are difficult or impossible to acquire without donor-agency funding, and they are likely to be technologically superior. Locally available technology may be more accessible, less costly, and more attuned to local conditions, but it may also carry less cachet. In the context of management know-how transfers, the main risk for host-country technical assistance clients to guard against is consultants' temptation to import off-the-shelf systems or products originally created for far different environments. Where project time frames are tight and installment payments are pegged to deliverables, this temptation can unfortunately be strong.[16]

To be clear, there is nothing wrong with seeking inspiration from other settings. If consultants did not possess foreign experience, there would be no point in employing them. Moreover, there is no value in reinventing the wheel; it is costly and time consuming to have consultants create new local formulas and documents from scratch when successful models are available from similar third-country jurisdictions for local adaptation. The emphasis, however, must be on *successful, similar*, and *adaptation*. There is no virtue in imitating failure. As for similarity, a Vietnamese approach may hold promise for Lao application; a Brazilian prototype would represent a much wider leap. And even the Vietnamese model would require considerable modification before it were locally appropriate. Better yet would be to start with a *local* core and then strengthen it by making reference to successful foreign precedents and analogs.

Keeping the ball rolling. Previously touched upon in the discussions of technology modernity and importation, still another challenging dimension of the appropriate technology puzzle is how to keep transferred technology up and running following project completion. In terms of intangible know-how, a well-planned transfer program can provide for return visits of consultants' key personnel for consultative problem solving and refresher courses. But in terms of tangible know-how, the practical problems include covering operating costs and procuring local maintenance and repair services and supplies.

Frankly speaking, one significant incentive for a host agency to accept a technical assistance intervention may be the prospect of acquiring valuable equipment and software and of producing valuable products (promotional publications, technical documentation, etc.). All of these technology items may be appropriate in terms of local absorptive capacity and adaptation. All of them may be free-of-charge to the client in terms of initial capital costs—if procured or produced under the auspices of a grant-funded project. But all of them will require additional support in the form of funds and services following project completion. In the case of equipment, these needs will extend to materials, supplies, and spare parts as well as maintenance and repair services. In the case of project-launched publications, the corresponding needs might include reprints and continuing periodical production. There may be legal or customary constraints on public-sector clients' ability to generate or spend funds for these purposes. There may be practical constraints on local access to supplies and services. Addressing these issues early during project planning may not be welcomed by clients eager for precious acquisitions. But prudent technical assistance managers will face the music.

In large measure, these challenges fall in the domain of technical assistance sustainability.[17] They are mentioned here to make the point that tangible know-how that a host agency cannot readily afford to maintain following completion of technical assistance services may not constitute appropriate technology for transfer in the first place. At a minimum, technical assistance managers should include maintenance feasibility and affordability in their technology transfer discussions that precede project commencement, not deferring these aspects until near or at the moment of project completion.

Illustrating These Appropriate Technology Principles and Problems With Two Applications From Our UNDP Lao Foreign Investment Advisory Project

Revising the Lao foreign investment legislation. Here was an instance in which the technical assistance client's insistence on appropriateness of transferred know-how greatly enhanced the utility of the consultant's contribution to institutional development. That commitment to appropriateness began with our collaborative needs assessment exercise initiating IDC's phase-I services. The assessment focused on identifying how well the original (preproject) foreign investment legislation was functioning in practice, what were the chief remaining barriers to attracting quality investments, and which of those barriers were susceptible to legislative reform. Next the FIMC encouraged our IDC team to propose law revision ideas, based upon our international experience, for potential introduction into the Lao legal framework. But our client insisted that those ideas be validated by a comparative study to confirm that our proposals were consistent with prevailing legislative-reform trends in similar countries of the region, appeared to be producing the intended fiscal and related results in those countries, and were receiving critical endorsement by respected international experts.

Next the FIMC waged a sustained campaign to bring these validated ideas to the attention of all interested authorities within the government, both inside the FIMC and beyond, circulating legislative texts and explanatory commentaries in both Lao and English languages, and incorporating fresh modifications that were receiving widespread support. In a sense, this entire consensus-building campaign was an appropriate technology confirmation exercise. Specific techniques employed by our client during this campaign in order to ensure that our mostly imported law-reform ideas would be suitable for the Lao environment included all of the following measures:

- Organizing a joint FIMC-IDC legislative drafting unit to reduce the ideas to legislative provisions, and instructing that unit to draft simultaneously in Lao and in English;

- Deliberately couching those new legislative provisions in the same framework and terminology as the original (preproject) foreign investment law to emphasize the reform effort's respect for continuity and to make the new ideas more familiar, and therefore more acceptable, to the government agencies that would be implementing them and to the foreign investors who would be regulated by them;

- Cosponsoring a continual dialogue between our FIMC law-reform working group and colleagues from the Ministry of Justice to confirm that our planned initiatives would remain harmonious with the evolving framework of other commercial laws;

- Instructing our project consultants and Permanent Office counterparts to collaborate on preparation of administrative procedures congruent with Permanent Office capabilities and constraints, for executing the new legislation once it had been formally adopted by the National Assembly; and

- Directing our project team to conduct a training workshop for key leaders and technocrats on practical problems of legislative implementation so that they could administer it with confidence and competence once it came into force (and especially following project completion).

A new foreign investment monitoring system. Regrettably less successful was our project's attempt to assist the FIMC to introduce a new computerized investment-monitoring system. The need for a monitoring capability was unanimously agreed by client, donor, and consultants. With the project's early assistance, the FIMC established a respectable capability for compiling investment licensing statistics, including license applicants' pledged commitments for capital contributions. But the agency lacked any comparably reliable data on actual foreign investment *flows* or on licensed investments' start-up performance or problems.

In this situation, the FIMC enthusiastically endorsed our IDC team's proposal to establish a computerized monitoring database, using a new powerful computer to be procured by our project for the FIMC Permanent Office and a software package to be adapted by the team. Unfortunately, the design of the resulting know-how transfer intervention was driven more by supply than by demand. IDC selected a short-term specialist whose chief qualifications were in database management. He, in turn, selected and imported a software package that was current and popular in industrialized countries but not yet available in Laos. Working under tight time constraints, the specialist predictably focused his energies more on tangible know-how (the computer and program and a complementary survey instrument) than on intangible know-how (the knowledge and skills needed to operate them); more on organizational development (setting up the system) than on human resource development (training Permanent Office counterparts how to conduct the surveys, input the data, and manipulate the database). Given the initiative's warm endorsement by FIMC leadership, the mid- and junior-level Permanent Office personnel who would actually be responsible for ground-level monitoring were reluctant to divulge their lack of understanding of the survey instrument or procedure and their lack of even basic computer skills. When these learning gaps were belatedly discovered by our specialist, a last-minute effort was made to conduct crash computer training. However, this remedy was too little and too late. The client's reluctant decision was to abandon the proposed transfer and fall back to a more modest manual system. Great relief was expressed by the pressured counterparts. Less glamorous, less modern technology proved more locally absorbable. With hindsight, the cutting edge was clearly inappropriate. All parties were reminded that management know-how must ultimately be transferred not from computer to computer but from brain to brain.

KEY TECHNOLOGY TRANSFER MODES: IN-COUNTRY TRAINING FOR HUMAN RESOURCE DEVELOPMENT

The previous section focused on issues of *technology choice*: what forms of know-how are locally and institutionally appropriate for transfer to host agencies and their personnel? At least equally important in any application of a technology transfer approach to institution-building technical assistance are *transfer methodology* issues. And one of the most central is how best to transfer intangible know-how through human resource development. The main channel for that development is training, broadly defined for institution-building purposes to embrace all project-sponsored learning activities—in the classroom, on the job, and in the field. The present section addresses in-country training of host-agency personnel by technical assistance consultants. The following section offers a complementary discussion of overseas training. Both sections open with brief syntheses of general principles and problems and then illustrate them with examples (successful and unsuccessful) from our Lao project experience.

In-Country Training: General Principles and Problems

Technology transfer can be an extremely useful perspective for technical assistance managers to employ when planning and designing institution-building training activities. In particular, it can help the parties to exert discipline when deciding what project-sponsored training is needed (and not needed), for whom, by whom, how, when, and where. That discipline is of real practical value since many host governments and agencies in developing countries are virtually deluged with offers of in-country training by donors, projects, and itinerant international training organizations. If all these offers were accepted, there would be no workers left on the job—everyone would be in class. Technology transfer analysis gives host-agency clients and other technical assistance managers a rational basis for making informed selections from this extensive menu.

What training is needed? A technology transfer perspective indicates that all host-agency in-country training should serve to transfer to the agency's personnel the managerial and operational know-how they will need in order for the agency's institutional development objectives to be achieved. Two points are important here. One is that training content should be dictated by needed know-how. The other is that training must advance *institutional* (i.e., host-agency) development, not merely the *personal* development of individual trainees. Yes, effective training should be personally stimulating and professionally relevant for the participating agency personnel. But the training must also give those individuals' employer agency a reasonable expectation of deriving a fair return on that human resource development investment—a return best measured by the trainees' posttraining improved performance back on the job.

If this is the training that *is* needed, it follows that training *not* needed includes intellectually interesting courses that are not closely related to the host agency's mission and to the trainees' individual responsibilities within that mission. Similarly inadequate, by this criterion, will be off-the-shelf courses imported without local adaptation by technical assistance consultants or foreign training organizations. Training technology, like other components of the transfer process, must be appropriate technology. And assessments of that requisite appropriateness should take into account such considerations as content relevance, the level of instruction (in terms of trainees' absorptive capacity), and the language(s) of instruction (including both oral and written presentations).

For whom? Technology transfer analysis dictates that the trainees should include all of the host-agency's staff members who need to master the know-how being transferred. Additional legitimate training participants, if they can be accommodated without diluting the quality of instruction being provided to the agency's own core learners, might include colleagues from affiliated agencies expected to interact with host-agency staff on know-how-related transactions. In short, from this perspective *need-to-know* becomes the chief criterion for selecting (or rejecting) training participants. All who need to master the transferred technology should receive the training, preferably simultaneously in order to encourage *esprit de corps* and a shared rate of learning progress. No one who will not be using the know-how should occupy classroom places, although care should be taken to train junior staff who will be expected in the short- to medium-term to move up into know-how-using positions.

Need-to-know is a practical standard with which clients and consultants can discourage nepotism, self-promoting entrepreneurship, and other distorting trainee selection influences.[18] Training the wrong employees wastes precious resources, compromises the know-how transfer's legitimacy, and weakens the training's potential institution-building impact.

By whom? The faculty of know-how-transferring trainers can fruitfully include a variety of contributors. The consultants' short-term specialists and other subject-matter experts should definitely participate in project training activities. Consultants' resident advisors can complement those specialists in project-sponsored workshops and seminars by ensuring that specific, specialized training content is fully congruent with the project's overall human resource development agenda, and that that content makes adequate reference to local conditions and constraints. That same local appropriateness can also be advanced by inviting host-agency leaders to join in as training convenors or coinstructors or both. The presence of those ranking decision-makers can also signal to the main trainees who are host-agency staff members that their employer takes the training seriously and expects them to do likewise.

Ideally, the qualifications of the consultants' training personnel should combine subject-matter expertise with training experience and expertise. Where relevant to technical assistance job descriptions and available in the international market, individual team members should be recruited having these dual qualifications. This is especially vital for long-term resident personnel. For short-term assignments, if necessary and affordable, subject-matter experts lacking training expertise can be paired with professional trainers. If those same experts are scheduled for multiple training interventions during project execution, the project might be able to invest in upgrading their training skills by sending them for training-of-trainers instruction.

Especially where the know-how being transferred to host-agency personnel has both substantive and process components—for example, foreign investment negotiating skills—another powerful strategy for staffing project training teams may be to pair as cotrainers a content expert with a process expert.

How? This is the training methodology question. Again, approaching this issue from a technology transfer perspective suggests that training methods should be selected to maximize their effectiveness in transferring essential know-how. This implies letting desired end-of-training-course trainee knowledge and skill levels dictate training activities, duration, and testing.

Since the main point of project-sponsored human resource development is to enhance host-agency staff members' on-the-job performance, training methods and materials should resemble on-the-job applications of the transferred know-how to the maximum extent feasible. Outside materials can be welcome as inspiration and analogues. But strong linkage to local applications will make those imports more persuasive.

What's involved here, after all, is *in-service training*, not academic teaching. It follows that highly interactive learning exercises, including such proven methodologies as practice sessions, role plays, and simulation games, should be encouraged and employed.

When? Integrated series of training events should be sequenced to reinforce incremental know-how transfer as institution-building technical assistance progresses over time. Complementary training activities can probably be usefully structured to track each stage of that progress from initial needs assessment through selection and adaptation of the to-be-transferred know-how, to trial operation and final transfer confirmation. As that sequence moves forward, training content should be increasingly localized and trainee independence increasingly encouraged.

Specific training events should also be scheduled to maximize participants' convenience and attentiveness. Total duration of most project-sponsored in-country courses should probably not exceed two weeks to avoid imposing an unacceptable burden in the form of a protracted absence from participants' normal professional duties. Half-day training sessions are also recommended to enable a participant's ability to keep abreast of those competing obligations and, if feasible, to digest and prepare out-of-class training materials.

For on-the-job training within counterpart relationships, optimal timing of training interventions is likely to be irregular, responding, in particular, to counterparts' requests for specific assistance and seizing learning opportunities presented by *teachable moments*.

Where? Offsetting considerations point training venue decisions in different directions. On the one hand, situating project-sponsored training events in or near host-agency offices offers several practical advantages. Selection of a training venue within the agency's premises may help to symbolize the client's cosponsorship of and commitment to the training. Agency leaders will find it more convenient to inaugurate and monitor training sessions. Proximity may also facilitate trainees' access to professional materials and equipment for use in practice exercises. Those same participants will find it easier to get to their agency desks before and after training sessions to deal with unavoidable priority tasks. On-site organizing should also significantly reduce training costs including rentals for training space and audiovisual equipment, catering, and local transport.

On the other hand, shifting a training venue to an *away* site may give access to superior training facilities while enhancing the event's prestige. If organized as a multiday retreat, this isolation may raise participant motivation and also create out-of-class opportunities for fruitful informal discussions with instructors and among participants. Most important, locating the training away from the agency may ensure that the training receives the participants' undivided attention, free from distracting interruptions by colleagues.

Illustrating In-Country Training Principles and Problems With Our Lao Project Experience

What was done. In-class training courses conducted in Vientiane for FIMC professionals and other host-government personnel with foreign investment management responsibilities constituted important know-how-transfer channels during both phases of our UNDP Lao Foreign Investment Advisory Project. At least equally valuable, as it turned out, were a variety of opportunities for on-the-job training.

As a general rule, our phase-I courses were introductory and generic and our phase-II courses more focused and advanced. IDC's project team organized and conducted three seminars and one skills workshop during phase I to familiarize FIMC counterparts and relevant government colleagues with basic principles and techniques of foreign investment management, as synthesized from current international practice. The main subjects of these training events included the following:

- Core concepts, structures, and functions of foreign investment management systems;
- Investment policy guidelines and one-stop service for foreign investors;
- Investment-promotion strategizing, targeting, and publicity; and
- Negotiation skills.

Phase II's in-country courses, in turn, consisted of:

- A workshop on negotiating Lao mineral investment contracts; and
- A workshop on implementing the new foreign investment legislation.

Altogether, 150 government officers participated in these training courses conducted directly under project auspices. In addition, our project encouraged FIMC colleagues to attend other investment-related training events mounted in Vientiane by other development-assistance projects and host agencies.

Simultaneously, the project conducted on-the-job training of FIMC professional staff through counterpart relationships, including actual-case assistance as well as weekly Permanent Office team meetings. Collaboration on investment-promotion initiatives ranging from journal and audiovisual production to sectoral conference organizing offered additional opportunities for real-world learning. In addition to offering specific one-on-one coaching, the consultants' personnel attempted to model appropriate investment-management behavior when making conference presentations, interacting with prospective investors, receiving journalists' inquiries, and so forth. Permanent Office support staff were included in this learning process through the project consultants' assistance with establishment and maintenance of investment licensing and monitoring databases. And again as previously mentioned, the project sponsored after-hours individual English-language and computer training for professionals and support staff alike.

What worked well. A number of common features can be identified that clearly contributed to successful in-country training under our project. One prerequisite was an enthusiastic endorsement from appropriate leadership. In the prevalent hierarchical Lao Government institutional culture, every successful initiative required a mandate and a blessing. At a minimum, the formal invitation letter to seminar participants had to be signed by a high-ranking official, signaling the significance assigned to this activity. Better yet was a request in that letter that key senior staff be nominated to participate in the course who had actual on-the-job responsibilities for the relevant training subject matter. Even more potent was a leader's appearance at a course opening session, not merely for purposes of ceremonial inauguration—although that, in itself, was respected in the Lao environment—but more specifically to *testify* to the weight and timeliness of the training content. In this same context, given the top-down historical tradition of Lao pedagogy, it proved singularly helpful for senior officials themselves to participate in early training sessions, modeling by their personal behavior the leadership's warm endorsement of the interactive approach to in-service learning being proposed by the consultants. In this, as so many other contexts, our project benefited immeasurably from the government's strong commitment to strengthening its foreign investment management capabilities. Our IDC team needed to do no prodding to win leaders' participation in project training activities. A simple invitation was generally sufficient and sometimes even that was unnecessary.

The quality of project training was greatly enhanced by combining residential and short-term consultants as cotrainers. As resident advisor, I was acquainted with both the Lao participants and IDC's visiting specialists. I was therefore able to enhance the visitors' stature in the participants' eyes by explaining the depth and local relevance of the specialists' expertise, and I could reciprocally alert the visitors to skills and roles represented by key participants. In my course manager's capacity, I could design the curricula, select training materials, and facilitate dialogue between guest instructors and participants to ensure that the training activities directly reinforced ongoing institution-building efforts. The specialists, in turn, were encouraged to exploit me both as a local informant to indicate what problems, themes, and subtopics might be of highest priority and as their "client" to specify learning objectives, inputs, and outputs. Our project derived double value from involving short-term specialists in training activities while they were in Laos for other interventions. What made this possible was IDC's care in the first instance to recruit individuals with solid training experience in addition to technical subject-matter expertise. Through repeat visits by the same inner core of specialists during our project's two phases, we were able to reinforce FIMC training participants' prior learnings and to nurture invaluable counterpart-specialist relationships.

Designing project training activities to address actual institution-building problems and to utilize—and to develop—actual FIMC documentation and materials was another key to our training success. The FIMC leaders and the course participants could readily see the relevance and utility of this work-related learning. Project counterparts could seek answers to vexing professional questions in the hypothetical training environment that might have risked a loss of face if raised on the job. Needed instruments like the *Lao Investment Policy Guidelines* could be drafted within project training workshops, automatically forging an alloy of imported know-how and local needs while simultaneously empowering midlevel professionals by launching a bottom-up rule-making process. And by inviting training participants from other ministries and agencies outside the FIMC, the FIMC and its project could inform those other agencies informally of institution-building FIMC initiatives underway. In return, the training's host obtained valuable early feedback, through a low-profile unprovocative channel, on those sister agencies' likely reactions to those initiatives as well as suggestions for improving them. These roundtable learning sessions demonstrably strengthened working relationships and networks among bureaucratic peers with obvious ability to help each other but with too few sanctioned opportunities to get together in the absence of inhibiting superiors.

A specific example. The positive synergy among all of these features of project-sponsored in-country training events can be illustrated by profiling one specific phase-II intervention: the January 1993 workshop on negotiation of Lao mining investment contracts. This one-week intensive course was offered to a handpicked dozen senior staff and midlevel technicians—from the FIMC Permanent Office, the Department of Geology & Mines (DGM), the Department's parent Ministry of Industry, and the Ministry of Finance—who were serving on or backstopping the government team negotiating mineral investment contracts with major multinational corporations. The timing was most opportune because two major negotiations were in midstream, and at least one more was in the pipeline. The two key instructors were each repeat short-term specialists under our project; one was a mineral economist and the other was a sectoral lawyer. Both had extensive international negotiating and training experience. They had worked successfully together for years as a tandem team. They had distinct, nonduplicative subject-matter expertise. There was no battle for primacy between them, no surprise personality conflicts at the project's expense. For our project, the pair had been advising from a distance on the ongoing Lao mineral negotiations. Consequently, they were familiar with the country, the government, the sectoral investment opportunities and constraints, and the chief prospective investors. Most important, they had already established preliminary personal working relationships with the FIMC Permanent Office director and the DGM director, the two ranking participants in the workshop.

Both guest instructors knew me and had worked for me before in my dual role as resident advisor and training course manager. They were familiar with my professional style and expectations, and we enjoyed mutual professional and personal respect. I briefed the visitors thoroughly in advance on the current project context in which their visit and the training course were needed. I reassured them of the potential value of their contribution—not merely to the training event but more significantly and lastingly to institution building and to the establishing of negotiating precedents. They took their assignment seriously and had prepared accordingly. Their materials, for example, included not only sample cash-flow analyses of alternative fiscal packages that might emerge from the current negotiations, but also a current survey of how the leading mining companies assessed comparative risks of investments in different host countries throughout the region.

The FIMC Permanent Office director and the DGM director had collaborated actively with our project in designing and scheduling this workshop. They knew what to expect and felt genuine co-ownership. With sufficient lead time they had been able to contact and attract all desired workshop participants. The group's small size, specialized expertise, and prior interaction permitted an advanced level of training and a tightly focused agenda. The immediacy of the pending negotiations assured real-world value to the learning.

By design, the clients and the course manager left details of workshop topics and activities to be selected by the participants. Pressing questions dictated the flow and direction of the dialogue. This approach not only empowered the participants and increased their investment in the learning process, it also tacitly (and successfully) attacked the traditional Lao classroom communication pattern of one-directional messages from a lecturing professor to silent students. The small class size and preselection of all participants further encouraged mutual trust and revelation. The chosen physical roundtable configuration reinforced the intended atmosphere of equality and free exchange.

Limiting the workshop's sessions to mornings freed up the busy participants to meet competing work commitments and to prepare homework assignments between sessions. Consequently, there were no absences and no interruptions to dilute the intensity of workshop concentration. The guest instructors, for their part, were able to use these free afternoons to prepare responses and materials for participant questions just received and to offer consultative advice to our project's senior clients.

Successful training interactions always feel too brief. This one, however, made practical use of the complementary local and imported know-how and derived maximum know-how-transfer value from the available training time.

More on computer and English-language training. To emphasize one final positive feature of in-country training, perhaps our single best investment of project resources made during the entire four years of technical assistance was the modest expenditure of local currency for FIMC staff's after-hours self-help English-language and computer learning. Senior-level counterparts fully realized they needed to upgrade these practical skills. Foreign investors from twenty-five nations were submitting their license applications in English. (Only the French and the Thais demurred.) Skilled clerical support, meanwhile, was almost impossible to secure. For that reason, ability to operate one's own computerized work station was invaluable. On the other hand, cultural and institutional constraints may have inhibited these same ranking officers from openly acknowledging basic personal learning gaps. Permanent Office support staff needed computer literacy even more—they were keying the data and producing the documents. As for English, they were interacting with the FIMC's foreign clients on a daily basis: greeting, phoning and faxing, receiving and typing correspondence, and sorting and filing. Clearly these skills were credentials for climbing career ladders (and perhaps for escaping government service to the more lucrative local private sector). A half-dozen Vientiane academies were springing up to offer computer and English-language training. The FIMC had no funds for purchasing these services. Virtually no individual staff members could afford the even modest tuition. (Senior counterparts earned the equivalent of U.S.$20 per month; training cost as much as $1 per hour.)

Our project was able to help fifteen Lao colleagues to pursue these language and computer proficiency goals. Each participant sought this help as an individual. Each invested hours of hard classwork after having put in full days at the office. Each brought monthly certificates from the training institutes confirming their attendance and seriousness. Each demonstrated marked improvements in on-the-job performance as the result of this extracurricular skill building. Two individuals won overseas scholarships for intensive advanced English-language training as a direct result of local courses. All of the participants took pride in their effort and their achievements. The entire expenditure over three years did not exceed $5,000. It is difficult to imagine how technical assistance funds could have been more productively allocated.

What Caused Problems

Our Lao project's in-country training activities were by no means problem-free. During both phases, it proved a constant struggle to attract the right participants and only the right participants. In truth there were so many donor-sponsored training courses constantly competing for government staff time in Vientiane that many ministries had fallen into the pattern of assigning junior and midlevel staff to attend on a rotating basis, regardless of individuals' relative congruence with course content. To compound this problem, traditional protocol and the prevailing hierarchical code preferred to leave each invited ministry totally free to designate whichever officer it chose, without any guidance from the host institution. Meanwhile, the key officers who constituted the most desirable training participants were invariably overworked and overcommitted. The too frequent result was that some of the individuals who would most have contributed to, and benefited from, this training did not attend—while others who had less to contribute, lower motivation, and poorer prospects for applying lessons learned back on the job ended up dominating the training ranks.

This imbalance in participants' prior experience and expertise could severely inhibit course managers'and instructors' attempts to narrowly target training content and messages. In addition, if class size exceeded twelve to fifteen, as was frequently the case, most prospects for vigorous interactive learning were forfeited.

The medium of instruction was another potential inhibitor. Many senior Lao officials and the consultants' entire team could communicate in

English, French, or both. However, many midlevel staff, particularly those who had received their advanced education in the Soviet Union during the early years of the Republic, were not equally accessible to the project trainers, none of whom spoke Lao. Sequential interpretation was accordingly adopted for the larger project training courses. It was not a total success. For one thing, it crushed spontaneity and natural exchanges between trainers and trainees. In addition, the technical content of most of the project's training courses proved a severe challenge for the locally available commercial interpreters. Accurate written translation of materials generated on the spot was even more problematic. When phase II was designed, provision was made to finance the overseas training of an FIMC Lao-English interpreter-translator. However, no suitable candidate could be identified and spared.

The inhibition represented by traditional Lao pedagogy has previously been mentioned. Ironically, another constraint was posed by the same presence of high-ranking officials which did so much to give the training courses stature. If the leaders who formally opened the courses remained on-hand as observers or participants, their presence tended to severely curtail lower-level participants' willingness to speak up and participate. For our project, the best compromise—never totally satisfactory—seemed to be to request a leader to offer inaugural remarks and then withdraw to attend to other pressing obligations, perhaps returning at the end of the course to preside at official closure.

OVERSEAS TRAINING

General Principles and Problems

All of the general principles and problems associated with in-country training apply equally, only more so, when that training is conducted overseas. Like its in-country analogue, overseas training must be selected primarily to transfer needed know-how, to serve the host agency's institutional development interests as well as the educational enrichment of individual participants. Again, all the same prerequisites apply: the right training content and courses must be offered to the right trainees, by the right trainers, utilizing appropriate methodologies, timing, and venues.

Because per participant costs directly associated with overseas training—especially for participants' international travel, tuition, materials, and per diem—are stratospheric when compared with in-country equivalents, it becomes all the more imperative for technical assistance managers to make course and participant selections. The managerial sine qua non that arises from this huge cost differential is that no overseas training opportunity can be justified if it duplicates a training experience that already exists within the host country or is readily developable in-country by the project. Indeed, in most cases, it may be more cost-effective per capita to import two or three expert instructors to train one or two dozen host-agency staff members than to transport those same participants to the instructors' home institution.

Even where overseas training is, in principle, preliminarily justifiable because it is not feasible to organize or replicate in-country, it may still be problematic to select specific, *locally appropriate* overseas training institutions or courses. On the positive side, the array of available offerings is almost limitless. Moreover, donor funding may be relatively easy to secure. However, many, if not most, of those offerings consist of standardized international courses within which a maximum of one or two slots might be open to host-agency staff members. Course curricula are typically generic—reasonable enough when designed to attract participants from diverse countries and continents. But this means they will make little or no reference to cases or problems from the host-agency context.

If brief, which is generally the case, these programs will offer little prospect for personalized attention to individual participants. And downstream follow-through is virtually impossible. At the other end of the available continuum, of course, are long-term, university-based, degree programs lasting one to five or more years. These may be intellectually rigorous. Here, however, the problem is that few host agencies in developing countries can spare their key personnel for such long absences. At best, promising junior staff might be sent abroad as investments in the institutional future. However, as most technical assistance clients are well aware, a discouraging proportion of those delegates do not return to their sponsoring agency or even to their home country. In any case, for senior and midlevel agency personnel most immediately involved in know-how transfer, prolonged academic sojourns are out of the question.

Short- to medium-term overseas courses are more defensible. But even these present special risks to technical assistance managers because their geographic remoteness precludes any meaningful supervision by clients or consultants. Moreover, depending on their geographic and institutional location, these courses may place climatic and cultural burdens on the host agency's participants, diminishing their health, comfort, and ability to learn.

While respecting these considerable potential risks of overseas training, technical assistance managers should not lose sight of that training's unique countervailing potential advantages—for both the host agency and its personnel. Excessive caution and conservatism should be avoided. In an employment environment like that constraining many host agencies within developing-country governments, professional training, especially overseas, is one of the few valued perquisites that those agencies can offer to their professional staffs. Moreover, for any such professional, successful completion of a certificate-granting course or longer program at a respected foreign training venue can be a significant career-advancement credential. To be equally candid, donor-financed per diem allowances for training participants constitute one of the few channels open to host agencies for topping up generally inadequate host-government salaries.

To ignore or object to these realities would be churlish and disingenuous. So the recommended overseas training strategy for technical assistance managers is, once again, not to rigidly deny host-agency staffs access to attractive overseas learning opportunities but instead to attempt to select and influence those opportunities to maximize their know-how-transferring, institution-building contributions.

Illustrating Overseas Training Principles and Problems With Our Lao Project Experience

Overseas study tours. During phase I, our project sponsored, organized, and conducted overseas study tours to Malaysia and Indonesia for the FIMC Permanent Office director and division chiefs. While primarily intended as fact-finding missions to investigate how neighboring host governments were conducting successful foreign investment promotion campaigns, the study tours were also designed to offer opportunities for overseas on-the-job training. Those opportunities included occasions for practice presentations to foreign audiences of the government's foreign investment management system, investment climate, and investment-promotion strategy. The FIMC delegates were also encouraged to critically examine the corresponding systems of their host institutions in order to carry away investment-promotion precedents and techniques worth seriously considering for Lao emulation or avoidance.

As learning opportunities, these study tours had several positive results. They gave the Lao participants firsthand exposure to fully functioning investment-management systems, fleshing out the concepts recently introduced in project seminars back in Vientiane. They offered the Permanent Office leaders candid assessments by Malaysian and Indonesian counterparts of what regulatory mistakes they had made in their own countries that might potentially be avoidable by Laos. Less welcome but equally valuable was the Lao delegates' realization that even well-educated professionals in nearby governments were almost totally ignorant about Laos, its open door policy, and emerging investment opportunities. This recognition, while painful, was an essential baseline for any realistic Lao investment-promotion campaign.

Notwithstanding these positive benefits, however, on balance these tours must be judged a disappointment. The Lao delegates seemed never to actively enter into the offered dialogues, never to fully exploit the available learning opportunities. Alternative explanations for this failure are not obscure. Perhaps the study-tour experience was too new for most of the delegates, coming relatively recently after a renewal of overseas travel permissions for Lao civil servants. Perhaps, as some delegates intimated, the Malaysian and Indonesian counterpart agencies appeared so comparatively large and sophisticated that analogues and lessons were not easy to grasp. In addition, Lao culture may have operated as an inhibiting influence, since it rewards personal reticence and frowns on self-assertion in public—especially foreign or otherwise unfamiliar—settings. With hindsight, the tours' project sponsors could probably have clarified and secured these missions' learning potential with more pretour preparation and posttour processing. Also constructive might have been the substitution or addition of one or more visits to governments more closely comparable to Laos's.

Our project also organized two individual study tours—to Thailand and Vietnam—for the one Permanent Office division chief who had not joined the Malaysian or Indonesian tours. Here the settings were more familiar and arguably more analogous. But again, on balance, the training experiences were not a success. Despite close advance consultation—in one case face-to-face—between IDC's project manager and the host institutions on the learning objectives and expectations of the FIMC, the project, and the participating individual, both hosts essentially subjected their Lao visitor to a standard familiarization agenda. Most of those programs had little or no direct bearing on his principal professional responsibilities and concerns. In his capacity as guest and trainee, this individual did not feel he had the right or leverage to correct this situation on site. Consequently, he was kept busy by his hosts but the technology transferred proved mostly inappropriate.

It probably would not have been cost-effective for a project representative to escort this sole counterpart, as had been done for the group study tours. Without being unduly cynical, it is possible that no midlevel Lao technocrat would have received a more satisfactory, custom-tailored program from either of these affiliate agencies so early in the FIMC's rise to regional prominence.

The Harvard University twinning relationship. Much happier and more successful was our project's principal initiative in the area of overseas training. Seizing a fortuitous opportunity presented by a preliminary expression of interest on the part of the HIID to get involved in Lao Government training, our project was able to design a year-long twinning relationship with Harvard University that HIID was quick to accept and facilitate.[19] The main features of this cordial relationship were as follows:

- Over the course of an academic year, professional training was offered to an entire team of FIMC managers: extending from the minister and vice minister most directly responsible for ongoing FIMC operations, to the Permanent Office director and division chiefs.

- In order to draw upon the skills and experience of key professors from the several relevant graduate schools within Harvard University including the Law School, the Business School, the Kennedy School of Government, and the affiliated Fletcher School of Law & Diplomacy, the training was entirely conducted on the Harvard campus in Cambridge, Massachusetts.

- To the maximum extent possible, program instructors were selected who, in addition to their specialized technical expertise, had a current working knowledge of Laos.

- Each Lao participant received a custom-tailored curriculum designed to address his particular policymaking or other managerial responsibilities.

In addition, general international briefings were offered on current comparative developments in foreign investment management. All of this material was expressly pegged to Lao cases and problems.[20]

- The duration of each Lao participant's stay at Harvard would be determined by the limits of his availability. Hence, one Permanent Office division chief was able to stay for an entire semester. At the other extreme, the ministers visited for only one week of intensive briefings.
- Harvard's costs were covered by our project budget. International travel was financed by a separate grant from the Asia Foundation.[21]

The Harvard twinning relationship was designed as an integrated, operational learning program. The content was specifically Lao, and it deliberately addressed the real-world concerns of the FIMC leadership and managers. The host training institution had a strong self-interest in forging a lasting relationship with the Lao Government, and so was strongly motivated to succeed. In addition, several of the Harvard instructors were already working in Laos as short-term specialists on our project and already knew most of the Lao participants. They could assist the participants with follow-up consultations when visiting Vientiane on subsequent missions.

The entire vertical hierarchy of FIMC management participated in the program, building esprit de corps and increasing prospects for subsequent institutional support for new ideas brought back to the workplace from the classroom.[22] The Lao participants were handpicked to make sure that the right persons received this costly training. Association with this prestigious university was highly valued within the Lao professional community. Consequently, motivation was very high. In sum, the entire relationship was designed for institutional as well as individual benefit and to transfer appropriate, needed technology.

As an overall assessment, the relationship was judged a marked success by the parties directly involved, the individual participants (Lao and American), the FIMC, the HIID, the UNDP, the Asia Foundation, and the project consultants. All judged the program to have unusual practical value and focus. HIID was extremely conscientious and effective in its role as relationship host. The Asia Foundation demonstrated remarkable patience and flexibility in making and remaking complex international travel arrangements.

On the negative side, not all ministers originally scheduled for program participation were able to break away from other duties. Many delays had to be accommodated. One participant added to the roster at the government's request was not a member of the FIMC team, although he played a key gatekeeper's role within the Permanent Office's host ministry. Several Lao participants were severely inconvenienced by bottlenecks in transferring their on-campus per diem allowances. In the end, however, both *twins* (the FIMC and HIID) enthusiastically agreed to sustain their incipient relationship following the project's expiration. That reciprocal commitment, itself an institution-building conduit, is probably the best single confirmation of perceived value.

The East-West Center workshop. A final example of project-sponsored overseas training opportunities for our Lao Government counterparts was a one-week workshop, in August of 1993, organized at the East-West Center in Honolulu, Hawaii. Four senior technocrats serving on the government's mineral investment negotiating team, two from the FIMC Permanent Office and two from the Department of Geology and Mines participated in this workshop. Charles Johnson of the East-West Center hosted the workshop. He was joined by coinstructor David Smith of the Harvard Law School. The purpose of the workshop was to conduct preliminary planning for two standard-form mining contracts (a hard-minerals contract of work and a hydrocarbon production-sharing agreement) to be drafted under the project's auspices.

The Hawaiian venue offered a number of practical advantages. It was a mutually convenient mid-Pacific meeting point for the Lao participants and their foreign advisors. The two advisors could not afford the time to travel to and from Laos during this period. In budgetary terms, it was more economical for our project to conduct the workshop at Dr. Johnson's home base in Honolulu than in Vientiane.

This venue also gave the parties direct access to computer facilities that made possible immediate modeling of alternative fiscal regimes. It freed the busy Lao officials from routine interruptions and competing demands on their professional time that might have been irresistible in Vientiane. Lao Government approval of an offshore location for an exclusively Lao workshop, unconventional at any time and particularly during a period when government travel was being cut back, was interpreted by the delegation as a special vote of confidence that must be honored through diligent, productive work. And in fact, the views exchanged and decisions taken at the workshop resulted not only in timely finalization of the planned standard-form contracts but also in new negotiating points that the Lao team was able to successfully incorporate in a major mining investment negotiation launched soon after the workshop's adjournment.

TECHNICAL ASSISTANCE AS TECHNOLOGY TRANSFER: LESSONS LEARNED AND REAFFIRMED (TABLE 5.1)

Lessons for the Technical Assistance Client

Consider adopting a technology-transfer approach when managing technical assistance for institutional development. Be aware of technology transfer's potential as a technical assistance management tool: its conceptual framework and general principles, the two forms of know-how (tangible and intangible), the two tracks for know-how transfer (organizational development and human resource development), effective transfer methodologies (with particular regard to in-country and overseas training), the necessary stages for complete, successful transfer from consultants to host-agency counterparts (from collaborative needs assessment to consolidation and confirmation), the special problem of appropriate technology, and available strategies for addressing common know-how transfer problems.

Think concretely, starting during preliminary planning for your technical assistance project, about how you (and your consultants) can harness the technology transfer process to facilitate your host agency's institutional development. Focus this perspective and awareness on project planning, design, scheduling, needs assessment implementation, and evaluation. Pay particular attention to the project's fundamental goal: to strengthen your agency's managerial and operational performance.[23]

Insist on bidirectional transfer. Accept that the primary role of technical assistance services is to import needed know-how into your institution and to transfer that know-how to the institution and its local personnel. Necessarily this process and relationship will cast those local personnel in the role of technology transferees. Insist, nevertheless, that those personnel be encouraged by the consultants to contribute their own local know-how to the institution-building effort, starting immediately with collaborative needs assessment and continuing through selection and adaptation of the imported ideas. Make the local personnel cotransferors as well as transferees. This dual role should empower them, increase their motivation and acceptance of the transfer process, and improve your agency's prospects for sustainability following project completion.

Always conceptualize technology transfer as a local learning process, not as mere importation. Think of the know-how-transfer channel as flowing from brain to brain, not merely from country to country. Emphasize absorption and mastery of intangible know-how (knowledge plus skills plus attitudes) by your host-agency personnel. Budget adequate time and effort for completion of that learning process and insist upon measures to confirm that completion.

Also welcome complementary—and necessary—tangible know-how, in the form of new operating systems, procedures, documentation, and equipment. But even for tangible know-how, ensure that your local personnel learn how to use and maintain it independently, with confidence and competence. Make handover of know-how from consultants to counterparts the main goal of the entire transfer process—and possibly of the entire technical assistance project.

In technical assistance projects conducted for and within your host agency, insist that all transferred technology be locally and institutionally appropriate. Beware of obsolete, cast-off technology and of items imported off-the-shelf from other countries and environments. Insist on local appropriateness, in both its national and institutional dimensions. Confirm the proposed know-how's compatibility with local conditions and constraints as well as with your agency's and personnel's absorptive capacity. Encourage collaborative adaptation and, better yet, innovation. Imported shoes are frequently enticing. But make sure the shoe fits.

Ensure that the search for outside technology encompasses know-how already available within your host country, particularly in the private sector, as well as abroad. Importation presents obvious problems. Consider the possibility of skirting those problems by identifying and employing technologies already tried and tested within your local environment. Resist any assumption by the consultants, donor, or even host-agency staff that any foreign technology is automatically superior to local know-how.

If the technology's initial acquisition is free of charge to your host agency, as in the case of grant-financed technical assistance, make certain that the transfer plan makes prudent provision for financing continuing operation, maintenance, and repair of the transferred tangible technology—including spare parts, materials, and supplies—after those project funds have been exhausted. Consider, for example, legitimate opportunities for income generation by the agency, utilizing the transferred know-how (for example, through sale of project-launched publications), in order to produce part or all of that needed revenue stream.

Define that appropriateness realistically. Avoid the temptation to acquire *space-age* know-how if your host agency has no realistic capacity to absorb, master, or maintain it. Define appropriateness in terms of utility, not modernity. Also apply a need-to-know criterion. Is this know-how what your agency personnel need to master for future replication? Or will it be sufficient for them to learn how to operate and maintain it, since the know-how is a one-time-only injection? Alternatively, if the know-how is highly specialized or rarely needed by your agency, will it be more cost-effective for you to continue to import it (i.e., to rely on outside experts), especially if technical assistance grant-financing remains available?

Collaborate with your donor and consultants to establish mutually acceptable standards and procedures for measuring and confirming transfer success. Consider the feasibility and fairness of adopting performance tests to confirm the mastery of new knowledge and skills by host-agency transferees. Consider the feasibility and fairness of translating transfer success into contractual rights and obligations of your technical assistance consultants: for example, financial incentives for outstanding success, contractual sanctions for test failure, or both. Take care to balance consultants' responsibilities with complementary client responsibilities: for example, to make (and keep) available as counterpart-transferees adequate numbers of qualified host-agency professionals.

When selecting and planning project-sponsored training programs, insist on institutional benefit as well as individual enrichment. Treat all project-sponsored training as a means to an institution-building end, not as an end in itself. Education for education's sake is not an appropriate mission for either a host agency or a technical assistance project. Encourage agency personnel to participate in training for their personal enrichment, especially in terms of enhancing professional knowledge and skills. But also insist that project-sponsored training serves institutional, as well as individual, needs.

Require all training events to fit logically and chronologically into an integrated institutional development plan. Make sure that the training transfers institutionally relevant know-how. Make sure that the training participants include key host-agency personnel who most need to absorb and master that know-how to enhance agency performance. Encourage participatory workshops, as opposed to mere informational or educational seminars and lectures. Keep class sizes small enough to facilitate meaningful participation. Make sure that participants all have sufficient levels of pretraining knowledge to enable them to effectively participate.

Encourage in-country training courses to use real-world cases, problems, and materials taken from host-agency operations. Utilize these courses to develop prototype solutions to those problems as well as other operationally relevant ideas and materials. Require training evaluation to include downstream evaluation measuring the training's impact on participant performance back on the job.

With regard to overseas training, insist upon a commensurate degree of institutional benefit. Require that overseas programs and courses have direct relevance to your host-country conditions and to host-agency functions and capabilities. Start during technical assistance needs assessment to identify crucial weaknesses in host-agency personnel's knowledge and skills. Identify which of those gaps might be best addressed through overseas training.

Match participants to courses on the basis of need-to-know and likely ability-to-apply lessons learned back on the job. Avoid any impression of nepotism when selecting agency candidates for highly prized overseas training courses. Favoritism not linked to individual capabilities or institutional needs not only crushes employee morale, it also wastes precious opportunities for institutional development. Plan for inevitable attrition by training multiple individuals from each functional unit within the host agency, and by training younger staff before they will be expected to step up and perform.

Shop for training programs and courses to serve targeted know-how-transfer, institution-building objectives. Resist the temptation to send agency participants to the wrong courses simply because donor funding may be available. Make sure this technology (i.e., training content, level, methodology, and materials) is locally appropriate. Enhance that appropriateness by assisting host-agency participants to take to the course actual agency materials and problems for study and analysis.

Insist that your technical assistance consultants have training expertise and experience in addition to subject-matter expertise. Ask for samples of prior training designs and materials as attachments to competing firms' proposals. In those proposals, look for evidence of how short-term technical specialists will be utilized as training contributors. Where the consultants' design indicates an intention to use key specialists who lack strong training credentials as guest instructors in project training events, make sure that coinstructors with the requisite training expertise are paired with those subject-matter experts. In training, as in other project activities, encourage the consultants to use short-term specialists for repeated iterations. Not only will this improve the project's institutional memory; it will also enable those specialists to reinforce earlier learning in their return appearances.

Actively support project-sponsored training activities in order to enhance their institution-building impact. Help your consultants to identify and attract key participants. Discourage attendance by inappropriate participants. Free up host-agency staff to give uninterrupted attention to training concentration. Publicly impress upon participants and instructors the high priority that the host-agency leadership assigns to this training. (For example, if culturally appropriate, use agency leaders to inaugurate in-country training events or to award course certificates or both.)

With regard to overseas training in particular, help all your host-agency participants to prepare in advance to take maximum advantage of this extraordinary learning opportunity. Give appropriate institutional backstopping support. Ensure that the project makes adequate travel (including disbursement) arrangements and explains those arrangements in advance to the participants. Pay special attention to integrating returnees back into your host agency's operational systems, especially after extended training absences. To enhance prospects for study-tour success, work vigorously in advance to ensure commitment and cooperation by the foreign hosts, to prepare the local delegates for specific tour tasks and realistic expectations, and to process the learning experience upon the delegates' return.

Reinforce that impact by offering integrated training to all three tiers of host-agency personnel. Reach out to the host agency's top-tier decision-makers and bottom-tier support staff in addition to the middle-tier professionals who conventionally receive most project-sponsored training. Use those leaders' participation to overcome potential in-house resistance to training by demonstrating that even ministers are willing and eager to learn. At the other end of the agency hierarchy, take care to offer computer, language, or other relevant training to clerical and support staff to demonstrate the leadership's recognition that these workers too are valued members of the institutional team.

With regard to overseas training in particular, take care to send a critical mass of top- and middle-tier participants to the same or similar courses so that returnees can share a common frame of reference and thus better apply and sustain their learning back on the job; so that operational innovations proposed by midlevel returnees are more likely to receive a fair, well-informed and sympathetic hearing from decision-making superiors; and so that those same returnees are less likely to feel isolated and unappreciated at the end of their exhilarating overseas sojourn.

Exploit project-sponsored training to build operational bridges to affiliated agencies. Remember the crucial potential contributions to host-agency institutional objectives that can be made by inner-circle and outer-circle interest groups.[24] To help capture that potential, recruit participants for your project-sponsored training programs from the ranks of affiliated agencies' personnel. Welcome their fresh insights and complementary perspectives. Nurture operational networks among training alumni. But insist that those affiliates must nominate well-qualified training candidates with relevant professional knowledge and responsibilities. Take care to establish same-level parity for participant comfort and instructor focus.[25] And again, keep class size to practical limits.

Consider the respective benefits and risks of in-country and overseas training. Recognize, for example, in-country training's potential to train larger numbers of host-agency personnel more quickly and at far lower cost than overseas training. Recognize the likelihood that in-country, project-sponsored training will in most cases give your host agency far greater control over training content, participants, instructors, levels, methods, and materials—all of which can directly enhance its appropriateness and institution-building potency.

Be aware, on the other hand, of in-country training's susceptibility to being flooded with unmanageably large classes. Take care to also discourage interruptions that dilute participants' concentration.

Select overseas training to expose key agency personnel to learning not readily available in (or transportable to) host-country training facilities. Use it also for legitimate incentives. Recognize the undeniable fact that overseas training is one of the few significant benefits that many host-government employers can afford to offer their professional staffs. Over time and the course of multiple projects, encourage all your qualified personnel, as a matter of general human resource development policy, to participate in legitimate overseas training. Work with donors to identify available opportunities and to secure necessary resources. By conscientious selection of training participants, demonstrate your agency's recognition and celebration of individual excellence and initiative.

Address and reduce overseas training's offsetting risks—including participant discomfort and curriculum irrelevance—by making careful advance selections and then providing adequate logistical support.

Explore opportunities for twinning relationships with foreign training institutions. Investigate whether one or more respected institutions with relevant expertise and experience might be interested in establishing a continuing relationship with your host agency. Ensure that the training organized within such a relationship can be custom-tailored to serve your agency's institution building and technology-transfer objectives. Consider the feasibility of using technical assistance project budgets to contribute to relationship financing. If that *is* feasible, take care to plan for securing alternative financing if you intend to sustain the relationship following project completion.

See if the training can be offered to a critical mass of host-agency leaders and professionals. Carefully evaluate the affordability of training costs and the compatibility of the twins' respective schedules.

Lessons for the Donor

Most of the preceding lessons respectfully recommended for the technical assistance client apply with equal force, if a different perspective, to the technical assistance donor. To cite but a few examples, the donor can and should effectively support the client's consideration of adopting a technology transfer approach to project-assisted institutional development. The donor should endorse and actively support the client's search for locally appropriate technology. It should insist for its own sake—as well as for the sake of the client and consultants—that project-sponsored training always be designed to serve institutional as well as individual goals.

The donor generally possesses and should voluntarily make available to the client its superior knowledge of and access to information about overseas training opportunities. Where possible, it should contribute financial resources to support host-agency participation in those programs. Where impossible, perhaps it can facilitate client access to other support.

Two additional technology transfer lessons might be flagged for the donor's special attention.

When planning and evaluating technical assistance training activities, emphasize training quality more than quantity. There is an undeniable temptation when first planning and then later evaluating donor-financed training to justify training investments and to measure training achievements in quantitative rather than qualitative terms.[26] This bias is understandable; it far easier, especially from a distance, to count persons trained or training days offered than to assess the appropriateness of trainee selection or the quality of training services. Yet despite this relative ease of reporting and auditing, a quantitative bias in donor expectations can directly undercut client and consultant efforts to devote project-financed training to meaningful know-how transfer. For the latter institution-building purposes, training in small classes is far more likely to be productive than lecturing to the multitudes. And training on-site, within host-agency premises, may be more cost-effective and institutionally relevant than shipping trainees overseas.

In this as so many other areas of technical assistance, a convenient rule of thumb might be for the donor to treat its grantee-beneficiary as client rather than as beneficiary. From this perspective, the host agency's right to take the lead role in selecting and shaping project-financed training programs might seem self-evident and legitimate.[27]

When planning and evaluating technical assistance training activities, be impact-oriented. This lesson complements the previous recommendation but makes a distinct point. Training *quality* is more important than quantity. The best measure of that quality in an institutional development context is the degree to which that training has enhanced the professional performance of host-agency personnel. The reason that this lesson warrants special attention by the donor is that neither of the other two principal parties may be enthusiastic about applying it. The client may well find that its host-agency personnel resist and resent being subjected to testing both at course's end, to confirm that they understood and digested the training content and downstream to reaffirm that training has been successfully applied on the job. The consultants, for their part, may not welcome being held accountable for participants' learning as opposed to instructors' teaching. They may be more accustomed to collecting training evaluation data in the form of exhilarated participants' endorsements ("How much did you enjoy this course?") than in the form of before-and-after performance measurements. As the consultants' contractual client and the project's funder, the donor can bring legitimate influence to bear in insisting that the best criterion for training value—as for all know-how transfer—is how well were the messages received and mastered, not merely how well were they transmitted.

Lessons for the Consultants

In addition to the preceding client and donor lessons, all of which can fruitfully be applied by a serious consulting firm, three additional know-how-transfer points can be recommended to enhance the quality of consultants' institution-building technical assistance services.

Encourage all project parties to use technology transfer as a technical assistance design screen. Serious consulting firms want to do a good job, as a matter of professional pride and reputation. But their ability to do their best work may be impeded by at least two common constraints: project planning decisions taken by clients and donors before the firms are selected—especially with regard to irrelevant outputs and inadequate time frames—and inconsistent client and donor support during project implementation.

In most cases where a technology transfer approach is adopted for institution-building technical assistance, that decision will be taken in the course of project planning by the donor and client, before the consultants have been selected. In other cases, however, the consultants may introduce this approach in their project proposal, and then, if selected, persuade the client and donor to join them in implementing it. Whichever impetus applies in a given case, the consultants can use the approach to encourage their two project partners to set feasible targets and commit sufficient resources.

Passing preliminarily planned inputs and outputs through a project design screen engineered specifically for know-how transfer can convincingly detect unrealistic time frames and extraneous activities. That same exercise may reveal how many counterpart personnel, training funds, and other resources will be needed to accomplish the expected transfers. Here is an area where the consultants have a unique interest and the unique qualifications to do realistic know-how-transfer strategizing. The client and donor may simply know their desired objectives. The consultants—who will have lead responsibility to drive the transfer train—are best qualified to determine how to reach that agreed destination.

Welcome results-oriented evaluation of know-how transfers but insist upon reciprocal commitments and contractual protections. Competent consultants need not be intimidated by results-oriented transfer evaluation criteria. It is much more professionally stimulating (and reputation-enhancing) to demonstrably improve host agencies' and counterparts' performance than merely to deliver a specified quantum of person-months of advisory and operational technical assistance services. Such a transfer agenda is also almost certain to increase host agencies' commitment to technical assistance co-ownership and ambitious counterparts' enthusiasm for project-sponsored training.

That having been said, what's good for the goose is good for the gander. If a donor and client wish to hold project consultants accountable for successful know-how transfers, then the donor must finance adequate resources (including time) and the client must provide and keep available prequalified transferees. What is more, the latter provision should preferably give the consultants the right to approve all transferees nominated by the host agency as well as the right to request client (and, if necessary, donor) intervention if a given counterpart relationship becomes irreparably defective.

Especially if the other parties prefer to secure the consultants' transfer undertakings to progress payments or other contractual obligations, fair provision must be made for *force majeure* exceptions and, as a worst-case dispute-resolution mechanism, for recourse to independent commercial arbitration.

With regard to appropriate technology, be respectful but resolute. As noted above, appropriate technology can be a sensitive, even threatening topic for some host-agency leaders and counterpart personnel. What is more, those leaders' and counterparts' diverging interests and expectations may pull the consultants in opposite directions. Thus, on the one hand, agency leaders may prefer to receive cutting-edge technology as a matter of national and institutional prestige. On the other, the counterparts may perceive advanced know-how as too time-consuming and complex to readily master and maintain. Yet rather than admit their reservations in the face of their leaders' announced enthusiasm, these technocrats may withhold full cooperation—or in extreme cases even sabotage the proposed transfers. This is obviously a situation in which arriving at an agreed definition of appropriate technology becomes a political as well as technical challenge. Absorptive capacity obviously has a subjective dimension, one not always easily discernible by foreign consultants.

In this delicate and difficult area, experienced consultants will proceed with caution. The most practical advice is to utilize the project-launch needs assessment to test the waters and flush out key parties' appropriate-technology expectations. This challenge confirms once again why active host-agency collaboration in that assessment is essential. Clearly no consultant commitments (much less contractual guarantees) to successfully transfer know-how should be made until full agreement—between agency leaders, agency counterparts, the donor, and the consultants—has been reached with regard to what available outside technology is locally and institutionally appropriate, and what level and degree of transfer is feasible within the project's time and resource parameters. This dialogue may force hard choices and provoke awkward confrontations, but better sooner than later and better safe than sorry.

In this as in so many other areas of institution-building technical assistance, what the consultants emphatically cannot afford is to promise more than they can reasonably expect to deliver (i.e., in this context, to transfer) and then later be held financially and contractually accountable for inevitable failure.

Table 5.1 Technical assistance as technology transfer: lessons learned and reaffirmed

Lessons for the client

- Consider adopting a technology-transfer approach when managing technical assistance for institutional development.
- Insist on bidirectional transfer.
- Always conceptualize technology transfer as a local learning process, not as mere importation.
- In technical assistance projects conducted for and within your host agency, insist that all transferred technology be locally and institutionally appropriate.
- Define that appropriateness realistically.
- Collaborate with your donor and consultants to establish mutually acceptable standards and procedures for measuring and confirming transfer success.
- When selecting and planning project-sponsored training programs, insist on institutional benefit as well as individual enrichment.
- Insist that your technical assistance consultants have training expertise and experience in addition to subject-matter expertise.
- Actively support project-sponsored training activities in order to enhance their institution-building impact.
- Reinforce that impact by offering integrated training to all three tiers of host-agency personnel.
- Exploit project-sponsored training to build operational bridges to affiliated agencies.
- Consider the respective benefits and risks of in-country and overseas training.
- Explore opportunities for twinning relationships with foreign training institutions.

Lessons for the donor

- When planning and evaluating technical assistance training activities, emphasize training quality more than quantity.
- When planning and evaluating technical assistance training activities, be impact-oriented.

Lessons for the consultants

- Encourage all project parties to utilize technology transfer as a design screen.
- Welcome results-oriented evaluation of know-how transfers but insist upon reciprocal commitments and contractual protections.
- With regard to appropriate technology, be respectful but resolute.

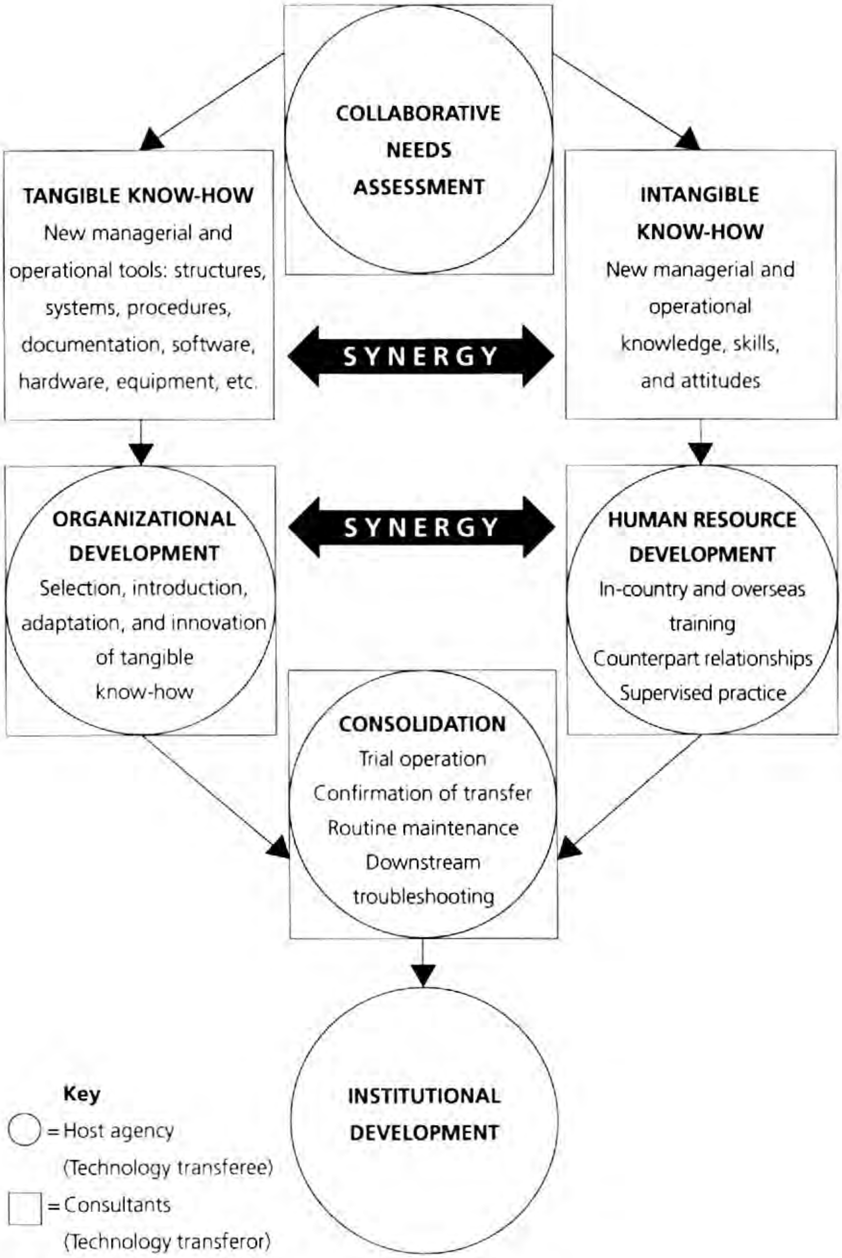

Figure 5.1 Adopting a transfer-of-technology approach to institution-building technical assistance

NOTES

[1] Recall, in particular, Chapter Three's discussion of the necessary stages of the transfer process, both as a caution against the impossibility of rushed institution building and as encouragement for donors to rethink their fundamental approach to technical assistance scheduling. See page 46.

[2] How much equipment to include within the definition—and budget— of technology to be transferred is often something of a controversial topic in technical assistance projects. On the one hand, obviously software cannot be mastered or put to use by the host agency without compatible hardware. On the other hand, supplying equipment without accompanying training or needed resources for repair and maintenance may be an expensive form of procurement without genuine know-how transfer. It is also only fair to concede that, at the margin, it strains common sense to characterize all equipment procurement transactions as technology transfers. For example, consultants, upon the completion of residential services, typically hand over the keys for project vehicles to host-agency leaders. (That having been said, no experienced technical assistance consultant ever underestimates host agencies' keen interest in acquiring project-financed vehicles and office equipment. Even if some of such procurement cannot reasonably be justified as technology transfers, it still must be addressed in any rational technical assistance project planning and budgeting.)

[3] See A Crucial Know-How-Transfer Issue: Selecting "Appropriate" Technology, beginning at page 137.

[4] See Table 3.1 and referencing text.

[5] This theme is developed at page 141.

The recognition that local know-how can be invaluable in designing and executing transfer schemes has led some commentators to advocate engaging expatriate (i.e., overseas) nationals of the host country or local private-sector professionals within the host country as know-how-transferring consultants, in preference to foreign consultants of other nationalities.

Proponents of engaging expatriate nationals emphasize their cultural and linguistic affinity and the developmental benefits of "turning the brain drain into the brain gain" (i.e., luring host nationals back from abroad to work for host-country development). Local professionals, in turn, are seen to offer the comparative advantages of remaining locally available to render long-term follow-through services and of significantly lower consulting rates.

Third-country nationals, on the other hand, may bring to the host-agency client comparative advantages including superior corporate and financial resources for managing large consulting teams and complex assignments, more objective advice uncolored by local affiliations or preconceptions, superior international experience and contacts, more rapid mobilization capabilities, superior ability to successfully compete in donor-sponsored international competitive bidding, and preferential ranking in bilaterally financed technical assistance. See, for example, Kiggundu, pp. 25-26, and Cohen, pp. 507-508.

Consultant selection and staffing strategies to maximize the relative advantages of these different talent pools by encouraging consulting joint ventures between foreign and local firms or by recruiting expatriate nationals and local professionals to serve on technical assistance teams are worth serious consideration by donors, clients, and consultants. A country like Laos, for example, could immeasurably benefit from attracting the expertise and services of its expatriate nationals, as consultants as well as foreign investors. Thankfully, this is beginning to happen, with demonstrable positive impact.

[6] With reference to technology adaptation in particular, incorporating end-users (in our context, host-agency counterparts) in the adaptation process as valued coparticipants is likely to produce more locally appropriate innovations and to enhance those local personnel's motivation to accept and facilitate the ensuing transfers—both prerequisites for sustainability. See Gamser, p. 719, and Chapter Six of this case study.

[7] The reader will recall an analogous recommendation with regard to project co-ownership, in Chapter Four, Technical Assistance Parties and Other Interest Groups: Recognizing and Dealing With the Key Institutions and Individuals.

[8] In our project, for example, our IDC consulting team produced the new FIMC investment-promotion publication, *An Investor's Guide To Doing Business In Laos.* FIMC decision-makers and Permanent Office counterparts were active participants in this publication's genesis, design, and research. However, the drafting, printing, and financing of the guide were always agreed to be project responsibilities. There is unanimous consent, both within the government and in the investor community, that this publication can be an invaluable investment-management tool, unarguably strengthening the FIMC as an investment-management institution. The IDC consultants created this tool for the FIMC but did not, in the process, train IDC counterparts how to produce a comparable publication. This was deliberate. The FIMC does not anticipate that it will need to create another major promotion publication within the near future (merely to periodically update the guide to keep pace with changing data). There was no need for our Permanent Office counterparts to acquire this publishing know-how. This was a legitimate, but one-time-only organizational development initiative. This same issue has direct relevance to appropriate technology (Key Technology Transfer Modes: In-Country Training for Human Resource Development, beginning at page 145) and to sustainability of institutional development (Chapter Six).

[9] That determination of feasibility, in turn, should be comprehensive, embracing not merely technical and financial cost-benefit analyses, but also a stakeholder analysis of the proposed transfer's anticipated "allies" and "enemies" (both within the host

agency and in other inner-circle and outer-circle interest groups), and a behavioral analysis of the proposed know-how's compatibility with the cultural values, work ethic, and motivation of the host-agency transferees. See, e.g., Madu, "A Prescriptive Framework for Transfer of Appropriate Technology," pp. 937-939.

In this same context of conducting preliminary analyses of feasible know-how transfers, Madu identifies eight critical factors enhancing transfer success: (1) identification and implementation of appropriate technology, (2) host-agency and transferee cultural values, (3) the inclusion in transfer programs of relevant transferee education and training activities, (4) host-agency capabilities, including the absorptive capacity of transferees as well as institutional financial and factor resources to support transfer maintenance, (5) adequate host-agency Research & Development potential to participate in adaptations and innovations, (6) stable host-government regimes and political systems, (7) adequate host-agency managerial effectiveness, and (7) congruent client, donor and consultant transfer objectives. "Transferring Technology to Developing Countries—Critical Factors for Success," p. 121.

[10] See Chapter Three, beginning at page 46, and Chapter Four, beginning at page 76, respectively.

[11] See Figure 2.1 and the accompanying text. Prior to project commencement, the government had already initiated a variety of investment-management activities, including adoption of a foreign investment law and conduct of investment license-application screening. But other key activities like investment policymaking and promotion had not commenced, and the disparate management components had not been integrated into a coherent system.

[12] See Figure 5.1 and the referencing text.

[13]That same literature traces the historical evolution of the predominantly North/South appropriate technology debate, starting with early recommendations that developing countries would be prudent to concentrate on acquiring small-scale, labor-intensive technologies and moving through a period of heated objections that those recommendations would condemn transferee countries to perpetual inferiority and dependency. See, for example, Niosi, pp. 1531-1532.

[14] See Chapter Six as well as page 141.

[15] On the other hand, for generic negotiating skills that government representatives can apply in other sectoral and investment contexts, mastery by local personnel seems definitely warranted.

[16]Hulme (p. 443) alludes to both the liabilities and the inducements of off-the-shelf technologies:

> "[O]rganizational blueprints cannot be hawked around developing countries...[However] the incentive systems and procedures that operate within

aid agencies and the pressures on senior public-sector managers in developing countries continue to prod both parties towards 'off-the-shelf' organizational change packages that offer rapid solutions to problems that are barely understood."

In much the same spirit, when writing in the context of know-how transfers from industrialized countries in the education sector Bock and Arthur (p. 327) conclude:

> "[M]ost of the developing countries have a very limited resource base for accomplishing educational reform (especially since they are compelled to continue to pursue unfulfilled nation-building goals simultaneously). Also, these reforms are often accepted only to leverage the funds necessary to support the nation's own higher-priority projects and not because they are in themselves relevant to the nation's needs or its present stage of readiness. Usually, these highly centralized nations have not yet been able to mobilize effective political interest aggregation and articulation groups at the local level to participate in the support and implementation of these educational reforms. Thus even the implementation strategies that have been found to be most effective in the United States are difficult to generalize to the more centralized, hierarchical institutional contexts of the developing nations."

[17] See Chapter Six.

[18] Obviously, sensitive management judgments will have to be made on a case-by-case basis. It is possible in a given institutional and cultural environment, for example, that it might conceivably *enhance* training effectiveness to admit to the training group one or more proteges of a key host-agency leader, even if they are not evident know-how users. Similarly, turning away an especially enthusiastic candidate might do more harm than good. But all such exceptions should be entertained at the margin *after* first ensuring that the needed training can be offered to all essential know-how transferees.

[19] Cooper offers a succinct analysis of some pros and cons of twinning institutions as a methodology for delivering technical assistance and training services. As prerequisites for a successful twinning arrangement, she cites the selection of compatible twins, serious commitment by both institutions' decision-makers, feasible goals, and a realistic time frame.

For the technical assistance client, she enumerates the potential benefits of twinning as including sustained access to the foreign twin's superior technical expertise and experience, an opportunity to integrate advisory services with training, and flexibility to modify the know-how-transfer regime over time. Countervailing potential risks or liabilities may include twinning's relative ineffectiveness for transferring specific short-term know-how, cultural or operational differences between the two twins (not always readily detectable in advance), and the twins' inadequate knowledge of how best to structure and manage effective twinning relationships.

Cooper (pp. 38-39) recommends that a technical assistance client seriously contemplating entering into a twinning relationship should conduct a thorough advance evaluation of its potential partner's (or partners') twinning qualifications and compatibility. As a shorthand checklist of points for examination, she offers: (1) the foreigner's motivation, (2) how to use the foreigner's skills to best advantage, (3) how to structure the twinning relationship to optimize host-agency institution building, (4) the foreigner's consulting (as opposed to operational) experience, (5) appropriate technology, (6) design and delivery of services, (7) selection and continuing availability of the foreigner's twinning personnel, (8) the consequent strain on the foreigner's personnel resources, (9) the foreigner's intention to use outside (i.e., not permanent) staff, and (10) optimal organizational and communication links between the twins.

[20] For several participants able to remain in Cambridge of summer-long or semester-long study tours, their programs included participation in standard Harvard workshops and courses. Even there, however, the Lao delegates utilized actual FIMC problems and materials as subjects for course exercises and papers. So even the standard courses were exploited to transfer-needed know-how.

[21] In addition, U.S.-based foreign investors sponsored side trips to their corporate headquarters and production facilities within the States, thereby enabling the Lao representatives to visit sites that otherwise would have been too remote.

[22] When designing this relationship, we were aware that other projects' overseas training attempts, in Laos and other countries, had suffered from limiting the exposure to individual, usually midlevel, participants. Excluded superiors and peers were sometimes jealous, and the superiors were sometimes unable to appreciate the content or relevance of the overseas learning to host-agency objectives or operations. By offering the Harvard experience to the full FIMC hierarchy, we encouraged creation of a critical mass of individuals who could exchange and reinforce this shared learning back on the job.

[23] Where know-how transfer is central to your institutional development and technical assistance objectives, it might not be inappropriate for you to consider possible differences in transfer styles and strengths evidenced by consultants from different home countries.

In Indonesia, for example, private-sector survey findings have been reported that suggest marked differences in the technology transfer practices of American and European firms, on the one hand, and Japanese firms, on the other. As a general proposition, Indonesian transferees have found Japanese firms the most willing to include a technology-transfer component within their foreign investment or trade transactions. (American firms are especially reluctant to transfer proprietary know-how in light of their concerns for inadequate Indonesian legal protections.) However, in those cases where American and European firms *have* agreed to act as transferors, Indonesians have found them more open than Japanese firms to transferring managerial and technical know-how, and more well equipped to reinforce on-the-job training with bilingual, locally adapted transfer manuals. See Schwartz, pp. 59-60.

Another report credited Russian technical assistance advisors in India with a know-how transfer approach far superior to German and British competitors. The Russians were found to be more willing to assign midlevel technicians to work side-by-side with local counterpart-transferees, to maintain a long-term presence, and to encourage host-agency collaboration in making know-how adaptations and innovations. Mehrotra and Kaye, p. 52.

[24] Recall Chapter Four, Technical Assistance Parties and Other Interest Groups: Recognizing and Dealing With the Key Institutions and Individuals.

[25] This is not to contradict the previous recommendation that host-agency training should be offered to participants at all tiers. Each specific course can probably be most effective if tailored for participants of comparable rank and experience. Especially in civil-service environments, introducing a handful of top-tier leaders into a predominantly middle-tier workshop will be likely to bore those leaders and inhibit the midlevel technocrats.

[26] On the part of bilateral donors, there may be an additional push to locate a maximum amount of training for host-agency personnel overseas in home-country institutions.

[27] Compare Chapter Four's section on Technical Assistance Ownership, beginning at page 82.

CHAPTER SIX

Facilitating Sustainable Development

Some Management Guidelines for Sustaining Impact

- Establish and maintain the entire technical assistance project within an institutional development framework.
- Link all main areas of technical assistance activity to that frame and to each other.
- To capture sustainable commitment, appeal to the host-institution client's enlightened self-interest.
- Create high-quality change.
- Transfer locally appropriate technology.
- Create sustainability "anchors" in the form of lasting new host-institution work products and processes.

GENERAL PRINCIPLES AND PROBLEMS

Sustainable development is lasting change. In the technical assistance context, this translates into project-inspired improvements in the capabilities of a host agency and its local personnel, improvements that can survive project completion and be independently maintained by those personnel without further donor or consultant inputs. Facilitating sustainable development is arguably the most crucial objective and the most difficult challenge in the entire field of institution-building technical assistance. Why is it so crucial and why so difficult?

The considerations that make sustainability so vital are both philosophical and practical. The philosophical point is that the most fundamental rationale for international development assistance and for institution-building technical assistance financed under that umbrella is to strengthen developing-country institutions and their personnel. Increased strength implies enhanced power for host agencies through improved managerial and operating efficiency, and for agency personnel through improved knowledge, skills, attitudes, and performance. Development assistance should empower. If that empowerment is to be genuine and not a cynical charade, that power must be usable independently—after technical assistance donors and consultants have completed their catalytic roles.[1]

The complementary practical point is that only lasting, significant improvement in the capabilities of a host agency and its personnel can justify the severe disruption and considerable expense that inevitably accompanies institution-building technical assistance. Inserting a team of even the most cross-culturally astute foreign consultants into the heart of a functioning host-government institution represents a major sacrifice by that agency's leaders and professionals. At best, the intrusion will put unavoidable strains on regular staff's time, facilities, and work routines. Add to this burden donor and consultant expectations that the agency will make available its best personnel for participation in extensive, intensive counterpart relationships and the pinch becomes all the more acute.

In financial terms, the cost of technical assistance services is significant by international standards and exorbitant by local ones. Even if the consultants are grant-financed, devoting these donor funds to this project rather than another represents a real opportunity cost to the government. If the technical assistance is going to have only a short-term impact, with little or no residual benefit to the host agency following project completion, how can the government and the donor defend paying $20,000 to $30,000 per month to a foreign consulting firm to do a job that a local counterpart could do—admittedly, perhaps less energetically—for $50? Only a sustainable development payoff could possibly justify such an extravagant differential.

As for a final consideration encompassing both philosophical *and* practical dimensions, a case can be made that offering—and accepting—technical assistance without sustainability is institutional degradation, not development. This will almost certainly be true if the host agency's inability to continue independent operation and maintenance of the project-transferred know-how generates pervasive staff demoralization and a dramatic postproject diminution in the quality of agency performance. In such circumstances, the agency's only viable recourse may be to petition the donor for a renewed injection of technical assistance: in place of the intended institutional development and independence, creating a situation of perpetuated dependence. If the first round of technical assistance was sufficiently prolonged and reorienting, the agency may not even have the alternative remedy of attempting to return to its preproject methods and procedures. Staff may have forgotten the old ways of operating. And project-procured hardware and software will probably not accommodate those now obsolete procedures. Such an agency will ironically have been left worse off not better off from having accepted technical assistance. It can't go forward alone, and it can't go back at all. Over time, nonsustainable institution-building technical assistance may be worse for the client than no assistance at all.

If, then, sustainable development is crucially important, and to some, the core raison d'etre for all institution-building technical assistance, why is sustainability so vexingly difficult to engineer? A half-dozen factors help to explain.

For one thing, sustainable change must be *organic*. In the context of institutional development, organic has two connotations, one inanimate and one animate. The technical connotation implies appropriateness, in precisely the sense examined in the previous chapter's discussion of technology transfer. A host agency, like any other organization, is a functioning organism. If the improvements proposed by a technical assistance project are going to be successfully absorbed into that agency's structure, systems, and procedures, those improvements must be of appropriate scale, scope, and sophistication. There must be a smooth fit or match if the joints and junctures are going to withstand normal wear and tear over time. Moreover, sufficient spare parts and supplies must be accessible and affordable for future maintenance and repairs.

Organic change is also animate. An institution is run by people, and human resource development requires changing people. For development to be sustained, the host agency's personnel must digest and internalize the new knowledge, skills, attitudes, and behaviors. It must become theirs, an intrinsic part of a new way of working. The new know-how cannot be a bitter pill or painful injection, forcefully administered upon donor prescription by consultant nurses, a temporary therapy fated to be immediately abandoned by the local patients as soon as the visiting medical team has left town.

Genuine sustainability is wrenching and profound. The host agency and its permanent staff must both have been changed by the technical assistance intervention, fundamentally and organically. Moreover, both must have the desire to *stay changed*, irretrievably. Both must have the capacity and resources to do so independently. Little wonder that facilitating sustainable development is so demanding.

A second problem is that facilitation is unavoidably time-consuming. And time may be a scarce commodity in most technical assistance projects. Moreover, all parties—certainly the consultants but also the donor and client—may perceive attention to sustainability as competing with other short-term project objectives. Those objectives may include production of early technical assistance outputs—strategies, legislation, publications, conferences, training workshops, and so forth. These trade-offs are reminiscent of the dilemma inherent in balancing consultants' advisory and operational roles. They also evoke the metaphor contrasting two alternative technical assistance methodologies: catching fish versus teaching local counterparts to fish. The latter approach is a superior hedge against long-term starvation. But the former fills more bellies in the short term.

Without being excessively cynical, all three participating parties are likely to perceive that their institutional self-interests may best be served by concentrating on short-term technical assistance services and outputs. The host-agency client stands to gain experienced, expert expatriate advisors and operators as well as ancillary hardware and software. The donor gains another project for its country portfolio and potential influence with the host government. The consultants gain work for their personnel and fees for their firm.

Facilitating sustainability need not oppose those interests (except for the rare parasitical consulting firm that deliberately prefers to perpetuate dependency). But even responsible consultants may be forgiven for noticing the consistent international trend by most multilateral and bilateral technical assistance donors to extend project durations beyond initial deadlines and to link projects in sequential series. Against that historical screen, consultants' nominal obligation to deliberately work themselves out of a job through prompt, sustainable know-how transfer may in practice not be interpreted as a strict requirement.

These same institutional disincentives to making sustainability commitments apply equally at the individual level. Most project staff—particularly in the employ of consulting firms and donors but even some working for host agencies—are generally evaluated on the basis of short-term performance, which essentially translates into achievements *during a project*. In fact, in the case of the consultants and the donor, those personnel will almost certainly not still be working in the host country for any prolonged postproject period. For such individuals, what is the personal and professional inducement to facilitate sustainable development? The present commands their attention, not the future.[2]

Two additional considerations should suffice to confirm the special complexity of designing and executing institution-building technical assistance to facilitate sustainable development. One is the difficulty inherent in facilitating even short-term transfers of managerial and operational knowhow. This was the subject of the previous chapter. The reader will recall the daunting risks, ranging from consultants with inadequate transfer skills and inappropriate substantive technology to host-agency counterparts who are unavailable, unqualified, unmotivated, or a combination of these traits.

The other is the practical question of how and when to prove sustainability. To a significant degree, if the objective is to instill independently sustainable capacity in a host agency and its personnel, then the success of that effort cannot be proven—or even measured—until independent performance has been given time and opportunity to run its course. If that performance is to be truly independent, then, by definition, it should be free of consultant input and influence. In effect, it must occur after project completion, when most qualified measurers have gone home.

In sum, facilitating sustainable development through institution-building technical assistance is crucially important but difficult to execute. Difficult, but not impossible. An encouraging array of strategies and tactics is available to technical assistance managers for promoting sustainability and overcoming its impediments.[3]

To sample that menu, let's again examine our project. What facilitation measures did we employ during each of our project's phases? Which of those measures seemed to work well, which poorly, and why? Finally, as in the case study's prior discussions, what generic lessons about facilitating sustainable development can be extracted from this Lao experience for the practical benefit of other technical assistance clients, donors, and consultants?

LAO PROJECT MEASURES TO FACILITATE SUSTAINABILITY

Table 6.1 summarizes the range of technical assistance management techniques employed by our IDC team and FIMC counterparts during each phase of the UNDP Lao Foreign Investment Advisory Project in order to enhance postproject sustainability. Many of these initiatives have been previously introduced in other contexts in this case study. But all were deliberately designed and executed with sustainability in mind.

Techniques Employed Primarily During Phase I

By *introducing an overall conceptual framework* for analyzing the government's foreign investment management system in terms of its institutions, rules, and functions (see Item 1 in Table 6.1), our project enhanced the ability of the client, the donor, and the consultants to grasp the entire system as an as an integrated whole. Making reference to this big picture directly facilitated the undertaking of a cohesive assessment of the system's intended purposes, its preproject resources and constraints, its key operational problems, and its system-strengthening needs (both for immediate action and for longer-term sustainability). As part of this same collaborative needs assessment, the IDC consulting team and our FIMC counterparts projected the near-term FIMC workload and potential bottlenecks likely to be generated by the anticipated acceleration in foreign investment license applications (see Item 2). Pinpointing these problem points, in turn, gave us a basis for identifying specific FIMC resources—policies, laws, procedures, regulatory instruments, equipment, personnel, and training—estimated to be necessary to bear the resulting regulatory load and to sustain it over time.

By focusing our prescriptions emerging from that needs assessment primarily on what the government's foreign investment management system needed for sustainable strengthening (i.e., the recommended FIMC action plan), and only secondarily on how our project's technical assistance could help to address those needs, we attempted to ensure that all technical assistance inputs and outputs would directly contribute to sustainable institutional development (see Item 3). In other words, our institutional strengthening analysis deliberately started with what the client needed *to buy*, not with what the consultants had *to sell*. Moreover, in order to underline the shared awareness of the client and consultants with regard to sustainability's minimum time requirements, our action plan explicitly emphasized that sustainable institutional strengthening could not be achieved within phase I's brief duration (see Item 4).

Through all of these phase-I design initiatives, our project's consultants and counterparts attempted to refine and influence the project's initial plan (as originally formulated by the donor's executing agency and the client), in order to secure all parties' commitment to, and the feasibility of, eventual postproject sustainability.

Techniques Employed During Both Project Phases

To facilitate the FIMC's capability to cope and keep pace with its inevitably increasing workload, our project helped introduce commensurate structural reforms (see Item 5). During phase I, for example, we proposed and assisted with implementation of reorganization of the FIMC's Permanent Office to bring its operational divisions into congruence with management system functions such as investment policymaking and lawmaking, investment promotion, and license screening and monitoring. In phase II, in turn, as part of the project-assisted revision of the Lao foreign investment legislation, the structure of the FIMC itself was correspondingly streamlined so that license approvals could be appropriately delegated and expedited.

In that same new legislation, strong emphasis was placed on simplifying FIMC procedures to relieve regulatory bottlenecks and to introduce appropriate management methodologies that would be sustainable with existing and projected institutional resources (see Item 6). Significant examples included the legislation's introduction of fast-track license approvals for smaller investments, and its reduction of the scope of case-by-case discretion in license approvals that had been severely impeding the regulatory pace.

Another closely related but distinct project initiative was the drafting and introduction of standardized FIMC instruments that were largely self-contained, reducing the need for staff interpretation or ad hoc determinations on a case-by-case basis (see Item 7). Examples included the *Investment Policy Guidelines*, the FIMC promotional brochure and the standard license application form created during phase I, and the standard-form mineral investment contracts and *Investors' Guide* created during phase II. All of these technical materials were deliberately drafted and reproduced in quantity to facilitate continuing utilization by the FIMC following project expiration.

Project resources made it possible to supply the FIMC Permanent Office with personal computers and appropriate software, photocopiers, fax machines, extra telephone lines, and audiovisual equipment (as well as related staff training), so that larger volumes of regulatory data could be efficiently processed and more regulatory transactions efficiently conducted by the available Permanent Office personnel, both during and following the project (see Item 8).

The sustainable capability of the FIMC Permanent Office staff to independently use project-transferred procedures and materials was reinforced by designing all of our project's in-country training activities to address actual regulatory functions and problems and to process actual materials (see Item 9). Equally important, project seminars and workshops conducted during both phases proposed and developed new draft procedures and materials that eventually matured into actual FIMC methods and instruments.

Reinforcement of project-inspired learning was further encouraged by designing linked series of activities or events to facilitate incremental know-how transfers (see Item 10). To cite two examples, the Vientiane mineral investment negotiation workshop, the East-West Center mineral contracts design workshop, and the Vientiane mineral contracts implementation workshop were deliberately integrated to offer the same small group of specialized project counterparts increasingly sophisticated and reiterative training in sectoral investment negotiation. So, also, the Bangkok and Sydney Lao investment promotion forums and the tourism and agribusiness investment opportunities conferences were organized and analyzed under our project to incrementally increase Lao participants' skill and confidence in preparation, presentation, and follow through.

Several project programs were set up to hand over control of new systems or activities in staged sequences from the consultants to our FIMC counterparts (see Item 11). One successful example was the computerized system for inputting, aggregating, and analyzing data on new investment licenses. Responsibility for maintaining this system was gradually transferred from the consultants' resident advisor to the FIMC Permanent Office's local support staff. Less successful was the intended staged handover of lead responsibility for editing and publishing the FIMC's semiannual investment-promotion journal from the resident advisor to the Permanent Office division chief in charge of promotion.

Intensive effort was devoted throughout both phases of our project to engendering a sense of technical assistance ownership in the host agency's leadership and a sense of personal empowerment among all FIMC personnel (see Item 12). The assumption underlying both of these endeavors was that the FIMC leadership and staff would be more likely to invest institutional resources and individual energies in sustaining system-strengthening initiatives after project expiration if they perceived those initiatives to operate to their benefit and in their enlightened self-interest. Toward this end, phase I's initial technical assistance needs assessment was designed for active client involvement and counterpart collaboration. Our IDC team's advisory and counterpart relationships were similarly conducted to enhance our local partners' capabilities and power. Advisory roles were maintained, wherever possible, in preference over potentially displacing operational roles. Wherever possible, we attempted to respond promptly, on a priority basis, to the client's and counterparts' felt needs; and to wait for teachable moments to spark key know-how transfers to those same local colleagues. Our project reached out to involve (and train) all three tiers of FIMC personnel—leaders, professional counterparts, and local support staff. At all of those levels, key change agents were identified and nurtured.

Also to stimulate sustainability, during both phases our project sponsored high-visibility activities and products, especially soon after start-up (see Item 13). Phase-I applications of this strategy included publication of the *Investment Policy Guidelines* and of the inaugural edition of the new FIMC investment-promotion journal. A corresponding early phase-II initiative was the Sydney Investment Opportunities Forum. Activities and products like these brought favorable public recognition and credit to the FIMC and its local personnel for strengthening their investment-management system, and consequently, the government's entire open-door policy. As this positive momentum was maintained throughout the project's three-year duration, for example, by means of conducting sectoral investment conferences and publishing additional materials, the inclination to sustain the strengthening campaign was repeatedly and periodically reinforced.

FIMC and Permanent Office esprit de corps was enhanced through diverse project activities including for example, the Harvard University twinning relationship, the weekly counterparts meetings, the overseas forums and study tours, and the English-language and computer training offered to Permanent Office counterparts and support staff (see Item 14). In all of these areas, an attempt was made to assemble a critical mass of local personnel personally touched by, and involved in, project-stimulated institutional change and to thereby accumulate an institutional memory that could withstand inevitable personnel attrition and turnovers.

During both phases, our project took care to design self-financing mechanisms that could cover project initiatives' recurrent costs following project expiration (see Item 15). The semiannual journal, for example, generated sufficient revenues from advertisements and sales to pay all printing and publishing expenses without any external funding. In addition, a practice of charging modest fees for FIMC investment-promotion materials was introduced to accumulate a fund for periodic reprints. These incipient FIMC income-generation practices were formally ratified in the new foreign investment legislation drafted with project input.[4]

Techniques Employed Primarily During Phase II

To a major degree, the entire rationale for phase II was sustainability (see Item 16). That phase's chief objectives and outputs were designated as consolidating phase-I institution-building initiatives, expanding those initiatives to a more comprehensive system-strengthening array, and focusing increased attention on transferring managerial control of those initiatives from consultants to counterparts. The overall intention was to leave in place at project's end a project-strengthened, locally sustainable foreign investment management system.

One specific phase-II undertaking conceived to enhance sustainability was the collaborative effort of the FIMC Permanent Office and our project staff to harmonize the proposed revision of the foreign investment law with the emerging framework of other commercial legislation (see Item 17). By communicating and cooperating with the other ministries and projects working on commercial law reform, the Permanent Office and project staff were able to maintain compatibility between the foreign investment law, as it made its way through the prolonged revision process, and the closely related legislation also in the planning or adoption stages. In this way, the evolving law was kept up to date with simultaneous legal developments to directly improve its prospects for approval and postproject sustainability without criticism, challenge, or amendment.

During phase II, our project team also compiled and handed over to FIMC counterparts practical working manuals on how to plan, organize, conduct, evaluate, and follow through on major investment-promotion events like sectoral conferences (see Item 18). These materials were used for joint counterpart-consultant conference-management activities during the project, including preconference preparations and postconference postmortems. In this way, the management tools were demonstrated in actual application. The intention was that they could be retained within the FIMC for reference as guidelines if and when similar events were organized independently by the FIMC's local personnel in the near future.

By communicating with, keeping informed, and responding to a wide range of institutions highly interested in Lao foreign investment management, our project deliberately encouraged the formation of a diverse but potent local constituency that could be reasonably expected to support sustained FIMC stewardship of the strengthened management system following project expiration (see Item 19). Among the inner-circle institutions thus cultivated were other government ministries and agencies that had collaborated in project workshops, study tours, and conferences—for example, the ministries of Industry & Handicrafts, Finance, and Agriculture & Forestry, the Department of Geology & Mines, and the National Tourism Authority. Outer-circle constituents, in turn, included the public- and private-sector coalition for cultural and environmental tourism (whose formation had been stimulated by the project-sponsored Lao Tourism Investment Conference), prospective and licensed foreign investors, and foreign embassies represented in Vientiane, all of whom took great interest in timely publication of FIMC licensing statistics, journals, and other promotional materials.

Finally, we made a concerted effort to encourage other donors, projects, and training institutes to consider continuing cooperation with the FIMC following project expiration (see Item 20). Both the Asia Foundation and the Harvard Institute for International Development were specifically encouraged to continue working with the FIMC on institutional—and in particular, human resource—development. The UNDP's new mineral sector development project was also successfully persuaded to support a joint FIMC-DGM workshop on implementation of the new standard-form mineral investment contracts in the spring of 1994.

A PRELIMINARY EVALUATION OF THOSE LAO PROJECT ATTEMPTS: WHICH TECHNIQUES APPEAR TO HAVE WORKED WELL, WHICH POORLY, AND WHY

Writing at precisely the moment when our Lao project is at last concluding, after two and one-half years of full-time residential services and another one and one-half years of intermittent follow-through work, it is too soon to predict with any confidence how well and how long project-inspired improvements in the government's foreign investment management system will be sustained. Nevertheless, there are some early indications of what initiatives are surviving and how well. This is especially true inasmuch as IDC's intensive Vientiane presence terminated nearly eighteen months ago. The consultants' subsequent role has been much less intense. For all intents and purposes, the FIMC and Permanent Office have been operating on their own, with only occasional project-team consultations and three periodic interventions. In other words, the client's independent responsibility for sustaining project initiatives has largely commenced, even though IDC has yet to tie up final loose ends under its contract with the UNDP.[5]

The preliminary signals of Lao project sustainability are mixed. Some project contributions to a strengthened foreign investment management system appear to be firmly rooted. The new foreign investment law has been adopted and implemented; by all accounts, it is being exceedingly well received within the international business community. The restructured FIMC and Permanent Office are functioning smoothly. Foreign investment is pouring in at a historically unprecedented rate with no sign of abating. The FIMC portfolio includes an unprecedented number of top-quality multinational firms.

However, the fate of other project initiatives remains in question. Still others may not long survive the expiration of IDC services. It must be conceded, in all candor, that some early signs are not encouraging. For example, in a crucial 1994 FIMC briefing of a large delegation of potential foreign investors from a Southeast Asian state, the Lao spokespersons did not appear to be maintaining the high levels of preparedness and responsiveness that had been attained over a series of project-sponsored fora. There is some evidence that continued publication of the FIMC promotional journal may be in jeopardy, and that the reliability and timeliness of published FIMC licensing statistics may be deteriorating. Meanwhile, as mentioned elsewhere in this case study, the FIMC has still not succeeded in winning Council of Ministers approval for the foreign investment implementing decree, regulations that had been intended to come into force simultaneously with their parent law five months ago.

Since the early indicators are so varied, subsequent developments will bear close monitoring. Already, however, an initial assessment can be ventured of certain common factors or technical assistance management themes that help explain why some of the project's attempted sustainability initiatives have worked better than others. First the good news....

What Seemed to Work Well, and Why?

Placing and keeping the entire project within an institutional development framework. Having a single, overarching institution-building frame of reference served all our project parties—client, donor, and consultants—as both a road map and a discipline. If the FIMC was the target institution and if that institution's independent, sustainable postproject operation of the strengthened foreign investment management system was the project's destination and raison d'etre, then all technical assistance management decisions had to conform to that frame—consultants' inputs and outputs, training program curricula and participants, every project activity and product. There was no room and no excuse for random activities lacking clear institutional benefit. Moreover, in addition to validating project content, the framework also inspired a project spirit. Flexibility, patience, and persistence in know-how transfer became essential technical assistance attributes, not mere theoretically attractive virtues. Enhancing client and counterpart competence and confidence became prerequisites for effective know-how transfers, not merely admirable empathy.

Linking main areas of project activity within the overall frame. By integrating all main areas of technical assistance activity, our project was able to reinforce the overall structure of the government's foreign investment management system, as well as the cohesiveness and consequent impact of the FIMC's system-strengthening campaign. This enhanced prospects that the structure and the campaign would survive project expiration. One example of this linkage was the integration of our project's organizational development and human resource development activities. Another was the designing and execution of the project's know-how transfer program to serve the FIMC's institutional development agenda. Through such connections, FIMC counterparts could readily see the professional relevance of project-sponsored training. FIMC leaders could be assured that those same training activities, especially overseas courses, would produce institutional benefits.

Appealing to the client's enlightened self-interest. In order to capture the commitment of FIMC leaders and Permanent Office counterparts, project-sponsored initiatives had to appeal to their enlightened self-interest.[6] More than a few FIMC ministers and senior technocrats seemed largely motivated by selfless patriotism and professionalism—to a truly remarkable degree, given the terms of service. Nevertheless, as a general principle, our sustainability proposals appeared to be most magnetic when their benefits accrued to personnel as well as to the host-agency institution. This certainly, and not surprisingly, applied to our IDC team's advisory services: FIMC leaders were most appreciative when practical advice assisted them to deal with actual problems. Counterparts, too, were understandably most enthusiastic about the technical assistance services when those services responded to felt needs, brought superiors' favorable recognition, and alleviated onerous operational burdens. Opportunities for foreign study and travel were always valued. So was project procurement of otherwise unaffordable office equipment and supplies. Without any taint of corruption ever entering the picture, legitimate personal benefit was an obvious inducement to individual involvement.

Creating high-quality change. We fully realized that project-introduced improvements in the government's foreign investment management system could only be sustained by one institution, the FIMC, and more specifically by the leaders and staff within that institution. Those changes were more likely to receive FIMC custodians' respect—and consequent maintenance—if their quality was widely acknowledged as superior, both within the government and at large. Glamour and drama were not required. The more modest criterion was whether the changes demonstrably improved the existing management system; not how did they compare with absolute perfection, but with the local status quo ante. If, by consensus, the changes strengthened the system, the FIMC and the Lao investment climate, then they were likely to be a source of institutional and individual pride—something, in short, worth saving. This proved true of project-inspired policy- and law-reform, streamlined regulatory structures, simplified regulatory procedures, strengthened negotiating approaches, and published promotional materials.

Transferring appropriate technology. Our sustainability initiatives appeared to work best when they transferred locally appropriate know-how. Simplification of FIMC procedures and standardization of regulatory instruments were two examples of initiatives that were especially well received—by FIMC personnel and constituents alike—because they made the foreign investment management system more efficient and yet were user-friendly. This was win-win institution building. The host agency became more effective and its staff more competent and confident. As those new procedures were internalized and those new instruments were mastered through incremental reiterative learning, know-how transfer was secured for lasting impact.

Introducing organizational development anchors. Complementing our project's skill-building and know-how-transfer activities was the creation of new foreign investment management products. As previously reported, these included the *Investment Policy Guidelines*, the new foreign investment law and decree, the standard-form mineral investment contracts, and the *Investor's Guide*. These publications could reasonably be expected to remain viable, without significant amendment, for five or more years following project expiration. As such, they directly enhanced the sustainability of change in addition to facilitating the work of FIMC personnel. In other words, not only did these project products constitute tools to help upgrade the performance of FIMC personnel, they were also materials that could be directly used by prospective investors and their advisors. As such, they can sustain the strengthening of the investment-management system through organizational development as well as through human resource development.

What Seemed to Impede Sustainability?

Two main sets of factors can be identified that seem to have impeded our Lao project's facilitation of sustainability. One set might be characterized as cultural or environmental, arising from the character of the Lao host agency's institutional climate. The other relates more directly to design and execution choices made within our specific project.

Ongoing government reorganization. Almost continually during the four years of technical assistance services provided by IDC under our project, the government was undergoing a process of fundamental reorganization. A new national Constitution was adopted and the national Parliament was reconstituted. The FIMC Permanent Office's host ministry was dissolved and replaced by a new conglomerate agency, the CPC, directly attached to the Office of the Prime Minister. The FIMC minister and vice minister most directly responsible for operation of the foreign investment management system were both reassigned and replaced. So was one of three Permanent Office division chiefs. All of these changes were healthy and constructive. Each can be expected to leave the government and the FIMC more strong and effective. Nevertheless, during this transition period, the entire roster of institutional players was in fundamental flux, as were jurisdictional boundaries and channels of interministerial communication and decision-making. In such a changeable administrative climate, it must have been difficult for FIMC leaders and professionals to think long-term about sustainable management innovations.

Overstretched FIMC personnel. The FIMC's members are all ministers and vice ministers holding other portfolios and carrying heavy executive loads. As such, they simply cannot devote full-time attention or energies to foreign investment policymaking and licensing. Yet the constantly increasing flow of new foreign investment license applications, and the increase in particular of major project proposals by international firms, argue precisely for the creation of a full-time professional board. Additionally, the FIMC's Permanent Office is staffed by a mere dozen professional officers. (Thailand's Board of Investment, by way of contrast, has 500.) None of these officers had received any formal training in foreign investment management before the UNDP project. All of these officers are working extra hours. In this overstretched condition, FIMC leaders and professionals alike necessarily focus on crisis management rather than institutional development; on yesterday and today rather than on tomorrow.

Hierarchical tradition. Lao institutional culture reserves key decision-making for the highest levels of authority. Any significant degree of delegation remains an exception to prevailing norms. Moreover, bottom-up communications tend to be restricted to an on-request basis—in other words, wait until you're asked. Most government institutions, including the FIMC, adhere to this entrenched tradition. This steep vertical hierarchy has the considerable virtue of ensuring top-level commitment once decisions are taken.

But it undeniably slows the pace of those decisions and creates not-easily-relieved bottlenecks. Equally serious, it reduces the flow of information from technocrats to decision-makers before decisions are made, and leaves little room for challenging those decisions internally after the fact.

Our project made a priority of promoting delegation of authority and responsibility within the FIMC, in order to expedite regulatory performance and to enhance decision-making transparency (i.e., predictability and consistency). We met with considerable success, as recorded in the new foreign investment legislation. But hierarchical tradition has deep and powerful roots. These can stifle bottom-up initiative and mid- to lower-level empowerment, both of which could be powerful motors driving sustainable change.

Informal networks and personalized authority. Lao culture nurtures and favors informal networks, grounded in clan and family. These channels greatly enhance conduits for communication and cooperation. But they can also compete with and undercut official organizational structures and relationships. Tradition tends to assign power to an incumbent individual rather than to an office. Together these values encourage wide discretion by government decision-makers and resilient recourse to informal ("back-door") channels for access and special treatment by petitioners. Standardization of uniform rules and delegation of authority of the type proposed by our Lao project directly confront and challenge these traditions. As such, the traditions and their custodians may collaborate to inhibit the sustainability of reforms.

To be candid, our project undeniably benefited from these same traditions, in particular from the visible support of individual powerful leaders. But again, although that endorsement enhanced the prospects and acceptability of our proposed initiatives while those individuals remained in place, personalized patronage can put sustainability at risk as soon as patrons move on to other jobs.

Self-reliance. Another strongly held Lao value much in evidence throughout project implementation was an institutional and individual determination both to be and to appear self-reliant. This may have roots in historical relations with territorially ambitious neighboring states. It may further be an ideological legacy of the Indochina War. Whatever its origins, in our project context this passionate commitment to national autonomy tended to inhibit and decelerate institutional (i.e., FIMC) receptivity to externally introduced proposals for change. Moreover, that same host-agency reticence clearly filtered down to the individual level, where it reduced counterparts' enthusiasm for accepting project know-how—and for seeming to depend on foreign consultants. At its most defensive, this attitude could manifest itself as a preference for persisting in local management practices that our counterparts admitted were inferior rather than adopting improvements potentially tainted by their foreignness. It is also conceivable that some of this hesitation stemmed as much from a lack of confidence and an aversion to risk-taking as it did from a patriotic commitment to self-reliance.

In most cases, fortunately, FIMC leaders' pragmatism won out over conservatism. In the future, however, in the absence of on-site propulsion by project consultants, this same quiet but resilient chauvinism may reassert itself and relegate some project-inspired improvements to an early postproject demise.

Civil service self-concepts. Two additional cultural traits could be observed within the FIMC Permanent Office that may further inhibit sustainability. One was a predisposition, observed by all members of our IDC team, to interpret government's fundamental role as control rather than service. This perspective was reinforced by the normal contexts in which the FIMC encountered most foreign investors: namely, as applicants for foreign investment licenses, or as licensees requesting assistance with other start-up problems and permissions. Since the principal thrust of our project's approach to foreign investment management is for the regulatory agency and its personnel to adopt a service mentality in most dealings with prospective and actual investors, remnants of this more adversarial bureaucratic tradition may sap counterparts' postproject enthusiasm for the proposed attitudinal shift.

The second, closely related Lao civil-service predisposition was a distinct aversion to commercial activity. This conservatism manifested itself in Permanent Office counterparts' extreme reluctance to get personally involved in selling journal advertisements or FIMC publications, in charging fees for participation in FIMC-sponsored conferences by private-sector representatives, or in any other project-recommended suggestions for mechanisms to cover recurrent costs. The problem was not institutional but personal. Our counterparts fully agreed with their IDC colleagues that the FIMC would need continuing resources following project completion, resources that must be generated by the agency's own activities since the Treasury was overextended. They recognized that self-financing was common practice among similar agencies in neighboring governments. And they warmly endorsed utilizing the new foreign investment legislation to formally authorize FIMC income generation. Yet despite these recognitions, Lao counterparts still firmly resisted getting personally involved in actual fee solicitation or collection. Whenever possible, they attempted to delegate the actual financial transactions to junior support staff, even though those lower-status personnel had less success in ensuring collection. For FIMC civil servants, fund-raising was apparently considered demeaning and distasteful. That discomfort may directly undercut future sustainability since those revenues are unequivocally necessary to keep project-procured equipment and project-launched publications smoothly functioning.

Inadequate terms of service. FIMC Permanent Office professionals and support staff suffered from another chronic problem that plagued the entire Lao government (and most developing-country governments worldwide): inferior terms of service. Staff salaries were cruelly low, essentially inadequate to support a family in Vientiane. Opportunities for government-financed professional training were few, as were prospects for early promotion or longer-term career advancement. Financial, training, or travel incentives were generally not awarded for outstanding performance. Extra work earned no extra pay (or other benefits). Meanwhile, superior opportunities became available daily in the local private sector, but formal and informal constraints severely inhibited individuals' freedom to leave government service. In this setting, individual motivation was inevitably curtailed, with direct negative consequences for counterpart enthusiasm, know-how transfer, and post-project sustainability.

Defects of Project Design and Execution

A marked imbalance between know-how introduction and transfer. In both phase I and phase II of our project, our IDC team devoted much more time and effort to introducing system-strengthening improvements than to ensuring that the consultants' local counterparts could operate or replicate those improvements. Encouraged by our client and donor, we consistently focused our efforts on promoting law reform, organizing forums and conferences, and launching new publications—in short, on near-term outputs over which the consultants had a high degree of control. Many impressive activities were accordingly conducted under project auspices and influence. Always, the FIMC (and the UNDP) received principal credit and recognition for these achievements.

But in part because of project time constraints, the parties' ambitions, the FIMC's and Permanent Office's overstretched human resources, and a combination of the cultural inhibitions listed just above, most of those activities were primarily planned and executed by expatriate personnel, not by counterparts. Their residual legacy must accordingly be in some doubt. Activities concluded during the consultants' tenure and under their direct supervision may not be effectively continued by FIMC personnel acting independently. Other activities initiated during the project but not yet concluded when the consultants departed (like adoption of the new decree) may never be finalized in the form originally agreed upon.

A lack of serious know-how-transfer planning. Although know-how transfer was explicitly emphasized as a priority goal in the planning documents of both phases of our project, that goal was never rigorously translated into IDC outputs or accountability. No specific know-how was contractually required to be transferred. No tests were prescribed or conducted to confirm that transfer. No rewards for success or sanctions for failure were implemented or even discussed. Much foreign investment management know-how was demonstrably transferred under our project. But that transfer was not required, measured, or evaluated. The donor and the consultants must share lead responsibility for this oversight, inasmuch as they both had more experience in this area than did our host-agency client.

Some inappropriate technology. In this project, inappropriate technology appears not to have been a serious impediment to sustainability. However, two exceptions previously reported were the locally intimidating database technology introduced by our project for the FIMC's investment monitoring and the aggressive approach to publication and marketing that we introduced to launch the FIMC's investment-promotion journal.

The high productivity of the consultants' field personnel. Inclusion of this last factor in this catalogue of sustainability inhibitors is ironic but not unintentional. It is a fact, often remarked upon by FIMC leaders and counterparts alike, that IDC's field personnel regularly operated at a level of efficiency unapproached by that of their Lao colleagues. Whether the task involved was analysis, drafting, training, or organizing, our pace of work and quality of outputs were unique within the host institution. To be sure, these same consultants were being paid fees considered extraterrestrial by prevailing local standards. From that perspective, extra work was only commensurate with extra pay. Moreover, our level of performance and fees were only consistent with comparable international standards. So again, both were arguably justifiable. But the point here is neither to praise nor to condemn. Rather it is to recognize that the consultants' ability to serve as role models inspiring emulation by local clients and counterparts was probably undercut by the perceived impossibility of replicating their performance. In the absence of that possibility, on balance, sustainability may have been reduced.

To illustrate, if long weeks of twelve-hour working days by sophisticated, senior international experts appeared to be required to organize investment-promotion conferences of the type sponsored by our project, then who can blame FIMC counterparts for concluding that replication of such events exclusively by local personnel following project expiration would be infeasible or at least not worth the effort in the absence of commensurate rewards? In short, while our IDC team's performance was genuinely appreciated by our client and donor, for purposes of sustainable institution building our level of effort may in itself have constituted nontransferable, unsustainable, and therefore inappropriate, technology.

FACILITATING SUSTAINABLE DEVELOPMENT: LESSONS LEARNED AND REAFFIRMED (TABLE 6.2)

Lessons for the Technical Assistance Client

Temper your enthusiasm for possible project output with a realistic appraisal of the output's sustainability. At the front end of technical assistance planning, when first discussing a potential project with a donor and then later when crafting consultants' TOR, it may be tempting to load the project agenda with production of multiple outputs. In fact, competing firms may themselves increase your temptation by offering in their proposals to be even more productive than those TOR strictly required. If sustainability is a serious concern of your host agency—and in any institution-building project it should be—it is essential not to entirely succumb to this allure.

Some short-term products of the project are, of course, legitimate and necessary. But none are cost-free to the client (even in grant-financed technical assistance). Short-term products will consume consultants' time. In addition, time spent *introducing* know-how cannot be available for *transfer*. These products will consume host-agency personnel's time, and host-agency resources, if they are to be locally maintained. In the real world of project execution—as opposed to the seductive euphoria of preliminary conceptualizing and proposal writing—these are inescapable management trade-offs. What are your institutional priorities? Do you want your consultants to introduce ten agency improvements and your own staff to sustain two? Or are only five improvements to be introduced but four sustained? The finite parameters mean that more consultant time and energy spent on introduction will almost certainly reduce sustainability. Which do you want? More now or more later? You can't have both. Make informed choices and make them early.[7]

In all your project interactions with your donor and consultants, take the lead in pressing for sustainability. Of the three project parties, yours is the one that will retain a host-agency relationship following project completion. Even with a genuine philosophical commitment to sustainability, the donor and the consultants will necessarily have less self-interest than the client in postproject agency performance.[8] Recognize that reality and act upon it. In preliminary project planning, in detailed design of the consultants' services, when establishing counterpart relationships, when supervising know-how transfer—in all facets of technical assistance execution, keep sustainability in the foreground. After the project is finished, yours is the only party that will still be around to live with success and failure.

When planning for sustainability, decide what, precisely, needs to be sustained (and what doesn't). Be selective and conservative. Facilitating sustainability is unavoidably costly and complicated. Narrow your focus. Limit your sights on sustaining only what is essential. Some consultant outputs may be valuable on a one-time-only basis, without any replication by host-agency staff. Other products may require routine maintenance by that staff but not full replication. Still others may necessitate complete local mastery, reintroduction, innovation, or a combination of the three. Less is more. The shorter your sustainability agenda, the better are your prospects for success.

Insist upon budgeting adequate facilitation time. A similar point was previously recommended with regard to institution building in general and know-how transfer in particular. These are all organic processes that cannot be rushed. Mastery is incremental. Practice makes perfect. If you want host-agency personnel to genuinely attain independent capabilities, then you must give them adequate learning time during the project. There is no alternative. What you pay (in time as well as money) is what you get.

When designing strategies and tactics for facilitating sustainability, concentrate on your host-agency personnel. The host-agency's permanent local staff—including all three tiers: decision-makers, professionals, and support staff—together compose the one interest group that can do most to attain sustainability. These local personnel are the project's technology transferees. They are the agency's stewards of sustainability. If these individuals don't absorb and master the transferred know-how, there will be nothing left to sustain when the consultants depart. But even if they *do* absorb it during the project, that transfer will not be subsequently sustained without the staff's continuing presence and motivation. That is, they must remain in the agency and must remain willing and able to keep applying the transferred know-how.

For you as a client, this recognition has fundamental implications for host-agency personnel recruitment, rewards, and retention. If government salaries and benefits are frozen and promotions restricted, think of alternative rewards. Obvious possibilities include nonmonetary awards and recognition for outstanding performance, improved working conditions (equipment and support), in-service training and travel, and opportunities for research and publication among others. And since some attrition is inevitable, planning for redundancy is clearly prudent.

Consider sustainability incentives and sanctions for your project consultants. Again, this point picks up threads from the previous chapter's discussion of know-how transfer. Successful transfers require transferors as well as transferees. In addition, consulting firms, as commercial and professional entities, will take their cues from their clients and their contracts. If their TOR reward them for successful know-how transfers or for laying a foundation for postproject sustainability, those incentives will be certain to command the consultants' attention. If those carrots are paired with sticks, in the form of contractual penalties, that attention may be even more acute. Even without incentives and sanctions, simply specifying sustainability as a top-priority expectation of the client and donor—and a commensurate obligation of the consultants—will suffice to earn the latter's respect. Consultants will look to you to set their agenda. Make sure sustainability is near the top.

Anticipate and accommodate the interests of inner- and outer-circle groups. Recall our Lao project's experience reforming business-visa procedures and problems. Recognize that a major influence over your host-agency's ability to sustain project innovations will be the reactions—positive and negative—of the surrounding institutional environment. Even if other agencies and organizations do not become fully aware of those innovations during the life of the project itself, eventually they are certain to react. Anticipate that reaction by designing your reforms to accommodate neighbors' interests. Enlist them as allies and supporters. Defuse potential resistance. Sustainability will be difficult enough without making unnecessary enemies.

Utilize your project to procure a reasonable supply of spare parts and materials. In most host-agency environments, it may be far easier to structure the original technical assistance project to procure items needed for postproject sustainability than to independently shop for those items following project completion. Whether your need is for spare parts and service contracts to maintain project-procured equipment, or for multiple copies of project-produced publications, laying in supplies near the end of the project and using project funds to finance these purchases may be feasible and prudent. Most donors will rightly decline to be permanent bankers for their project clients. But a reasonable medium-term of supplies and materials will generally be considered legitimate, especially if the project's institution-building purpose and sustainability objective have been agreed from the outset of project planning.

Develop self-financing mechanisms to cover your host-agency's project-generated recurrent costs. Self-help is always more reliable than dependence on outside benefactors. Reinforce the persuasiveness of your appeal to your donor for spare-parts support by establishing practical mechanisms for complementary host-agency self-financing. The inevitability of operating costs is not a valid reason for failing to introduce improvements in the first place, neither is it a reason for failing to sustain them after project funding has been withdrawn. All governments, including those in the richest industrialized countries, are increasingly looking to self-financing to maintain routine operations. This is legitimate as well as necessary. In sectors such as foreign investment where host agencies are expending resources and effort to regulate foreign parties, all responsible international firms expect to be assessed reasonable charges for host-agency licenses, materials, and services. This is standard international practice.

Lessons for the Donor

All of the preceding recommendations for the technical assistance client can be fruitfully applied, with appropriate adjustment, by your donor agency. In this context, adequate time budgeting deserves special reiteration. Two additional lessons might be offered for your party's special attention.

Promote sustainability to encourage graduation. Just as borrower countries should be encouraged to graduate from dependency on official development assistance, so should individual host agencies be encouraged to move beyond the need for donor-financed technical assistance. That matriculation cannot occur if project-induced improvements die with project completion. There must be residual institutional strengthening. In short, there must be sustainability.

This may be an area in which your organization has to take the lead. Unfortunately, but realistically, development assistance can be addictive. Some host governments can become accustomed to aid financing to help balance budgets and keep public-sector organs functioning. Consulting firms may also perceive continuing projects as "bread and butter." Without being cynical or insensitive, you may need to focus the other two parties' attention on life after aid.

Be prepared to mediate between the client and the consultants on issues of sustainability testing and confirmation. Just as in the context of technology transfer, if and when the point comes to specify concrete measurements for confirming that host-agency personnel have in fact acquired the capability to independently sustain project-introduced improvements, the client and the consultants may benefit from your nonpartisan mediation. This will especially be the case if you and the client prefer to bolster those requirements with contractual sanctions. Your agency may well have superior international experience in this area. The key is to reach agreement on tests and standards that fairly measure sustainability and on procedures and responsibilities for remedying test failure, yet without laying the groundwork for almost inevitable client-consultant disputes when the time comes to implement those measures. This can be done, but cooperation may be greatly enhanced if you play an honest broker's role, both during design and during implementation.

Lessons for the Consultants

Be proactive about sustainability. International development consulting can be a discouragingly transient activity, a series of miscellaneous interventions leaving no legacy. Build a legacy and enhance your firm's institution-building reputation in the process. Deliberately make sustainability one of your top project priorities. Emphasize it in your proposal, in contract negotiations, in needs assessment and design finalization, and in execution of that design. Don't wait for the donor and client to impose this obligation on you; seek it out. Some of consultants' most professionally and personally satisfying counterpart relationships and technical assistance assignments owe much of that satisfaction to the consultants' bold commitment to know-how transfer and to sustainability facilitation.

Be prepared to educate your client (and your donor, if necessary) about the practical prerequisites of sustainability. Commitment is only the first step. Actually achieving sustainability is a much tougher row to hoe. Of the three project parties, your firm may have the most experience at the field level with facilitating lasting know-how transfers. Once a tripartite consensus on sustainability goals, scope, and scale has been negotiated, you may have to take the lead in designing a workable program for reaching the agreed destination. This program will have staffing and timing dimensions. It will necessitate foregoing or postponing production and delivery of other project output. It will impose special demands on counterpart relationships and may require additional overseas training (for junior as well as senior host-agency personnel). Just as in other aspects of institution-building technical assistance, all parties have a legitimate role in defining the job to be done, but the consultants must take the lead in deciding how to do it and then in implementing that decision.

To offer one example of this need for consultants to inject appropriate realism into sustainability planning, your firm can remind all parties of the practical consequences for project time-budgeting of including a serious sustainability commitment among technical assistance objectives. Typically, one-fourth of total project time might be reserved for initial on-site needs assessment and revised design, one-fourth for selection and introduction of appropriate know-how (including familiarization training of counterparts), and one-half for trial operation of the introduced improvements within the host-agency system. The latter trial operation period should include intensive on-the-job training, culminating in testing (and, if necessary, reinforcement) of successful transfer and sustainability confirmation. If something approaching this schedule is utilized in a given project, only one-fourth of total project time will be reserved for introducing improvements. While relative durations will vary from case to case, the main point for sustainability is that much more project time should be spent on transferring know-how than on introducing it. You may have to firmly impress this recognition upon your client and donor from the outset of sustainability planning. Common practice, as in our Lao project, employs an inverse ratio, devoting more time and energies to introduction. The best evidence is that that practice is incompatible with serious facilitation of sustainability.

Protect your interests in the technical assistance contract. Technical assistance as a whole is an imperfect science, and facilitation of sustainability remains in the forefront of that science's maturation. This is an experimental undertaking, very much in the research and development mode. There are no universally applicable facilitation techniques. There are no guaranteed approaches or formulas. It follows that your firm ought to insist in its project contract on a fair allocation of facilitation responsibilities and on reasonable limits to obligations and sanctions. Performance tests may be acceptable and even necessary—for example, demonstrations that host-agency personnel can independently perform certain project-introduced management or operational functions. But locally appropriate flexibility should be built into the program, particularly with regard to the pace of hand-over progress. And the client must retain lead responsibility for the participation of its own personnel. The contract should be a recorded guideline for implementation of an agreed facilitation program; not an inviolable, detailed blueprint and not an imbalanced list of unilateral sanctions.

Always remember that the key to sustainability is participation by the host agency's personnel. In many technical assistance situations, it will be easier, quicker, and more reliable for your consultants to perform a project task themselves than to perform it jointly with counterparts or to supervise its performance by those counterparts. But unless and until those counterparts can master that performance themselves, by definition there can never be sustainability. Know-how not transferred is know-how that leaves town on the consultants' plane.

Design and schedule your transfer programs collaboratively. Build in incentives for committed counterparts. Appeal to their enlightened self-interest. Together design strategies that not only capture the enthusiasm of host-agency personnel to participate in counterpart relationships during the project but that also sustain enthusiasm during the much more difficult period of independent operation following the consultants' departure. (Mentioned previously in this context, for example, are extended periods for scheduled return visits by key consultants to conduct refresher training that reinforces transfer lessons learned during residential services and to engage in downstream troubleshooting.)

Build constituencies for sustainability. Inner-circle and outer-circle interest groups can be encouraged by your firm to lend their energies to sustaining the momentum of project-inspired reform following project completion. Once those groups have been persuaded that reform is in their best interests—in addition to the best interests of your host-agency client—they can support the host agency's postproject efforts to keep the reform train on track. These constituents can include both public-sector and private-sector parties. (In our Lao project, for example, other ministries, other UNDP projects, foreign investors, domestic investors, the media, and foreign embassies were all informed of project-assisted foreign investment management improvements and encouraged to support the FIMC in vigorously implementing the newly authorized reforms.) Your host agency may greatly benefit from receiving community-wide support for its project-strengthened systems and procedures, especially during the critical initial period immediately following the withdrawal of project resources and personnel.

A Possibly Heretical Caveat

Before leaving this discussion of lessons learned and reaffirmed from our Lao project about sustainability of institution-building improvements, a postscript should be added for consideration by all parties concerned: technical assistance clients, donors, and consultants. It is recommended that all parties be sufficiently courageous and open-minded to consider the possibility that sustainability may be an overrated virtue and a mostly misplaced technical assistance management objective.

Here is the argument:

- In probably every host-agency environment in the mid- to late-1990s, rapid, accelerating institutional change will be inevitable. In such a state of flux, no status quo and few improvements can long survive.
- In most technical assistance projects, despite protestations to the contrary, donor and client project managers are likely to favor concrete, short-term improvements in host-agency structures and operating efficiency over less tangible, more remote medium- to long-term institutional strengthening.
- Moreover, many of the most legitimate and promising improvements do not require sustainability by host-agency personnel. These include one-time-only events (like the Lao project's Tourism Investment Conference) that do not warrant early repetition, and self-sustaining improvements (like the new Lao foreign investment law, which is unlikely to require further modification in this decade). For neither of these categories is it justifiable to expend a significant investment in know-how transfer to host-agency staff.
- In many, if not most, host-agency institutions, professional staff needed for counterpart relationships are likely to be unavailable, underqualified, poorly motivated, poorly compensated, soon departing, or a combination of these things. Thus, even where know-how transfer for sustainability *is* justifiable, it may not be feasible.
- Since successful institutional development is unavoidably a long-term process, short- to medium-term host-agency self-reliance is an unattainable goal. Moreover, it is an unworthy, self-defeating goal, since recourse to specialized outside expertise strengthens—not weakens—the client institution and is demonstrably cost-effective.
- Given donor agencies' demonstrated willingness to extend project-completion deadlines and to sponsor series of project phases, host agencies' access to the resources necessary to finance and staff continuing expert assistance is virtually assured.

- In light of all of these factors and their mutual synergy, devoting so much technical assistance management energy to sustaining specific improvements makes little practical sense. It will be more prudent and effective to utilize technical assistance to introduce concrete improvements, to focus know-how transfer to counterparts on short- to medium-term operation and maintenance of the subset of improvements that require sustainment, and to encourage client leaders to prepare for the continuing inevitability of institutional change, for example, by welcoming continuing future use of specialized technical assistance, abandoning any futile attachment to institutional self-reliance.

To provoke reader interest, this argument has been compressed to the point of oversimplification. Valid responses could be given to rebuff or to qualify each of the enumerated items. Sustainability certainly does have its place in enlightened technical assistance planning, wherever the purpose of that assistance is institutional development. It would be absurd to "throw the baby out with the bath water." Nevertheless, in the current climate of international development thinking and writing, sustainable development risks becoming an unchallenged litany, even dogma. It deserves more thorough, dispassionate scrutiny in general and selective custom-tailoring within each technical assistance project.

Table 6.1 A summary of Lao project techniques employed to facilitate postproject sustainability

Primarily during phase I

(1) Introducing an integrated conceptual framework for analyzing and strengthening the Lao government's foreign investment management system.

(2) Projecting host-agency workloads and bottlenecks in order to identify system-strengthening needs and constraints.

(3) Including sustainability among the goals of the recommended system-strengthening action plan, and then utilizing that plan to select and prioritize technical assistance inputs and outputs.

(4) Explicitly emphasizing in the action plan that sustainability could not be achieved within the project time limits as initially prescribed.

During both phases

(5) Rationalizing host-agency structures to help clarify the prerequisites for sustainability.

(6) Introducing simplified host-agency procedures.

(7) Introducing standardized, self-contained host-agency instruments capable of surviving for the medium term.

(8) Introducing performance-enhancing host-agency computers, other office equipment, and related training.

(9) Designing organizational development and human resource development initiatives for reciprocal synergy.

(10) Linking project-sponsored initiatives (e.g., seminars, conferences, etc.) in integrated series for incremental know-how transfers.

(11) Scheduling handovers of control over project initiatives from consultants to counterparts in staged sequences.

(12) Deliberately encouraging client co-ownership and counterpart empowerment.

(13) Enhancing host-agency visibility.

(14) Encouraging team-building among host-agency personnel.

(15) Designing self-financing mechanisms for project initiatives to generate recurrent costs.

Table 6.1—*continued* A summary of Lao project techniques employed to facilitate postproject sustainability

Primarily during phase II

(16) Designing phase II primarily to secure prospects for sustainability.

(17) Harmonizing foreign investment law reform with the emerging framework of other commercial laws.

(18) Compiling and handing over *how-to* manuals to support future local replications and adaptations of project initiatives.

(19) Building inner-circle and outer-circle constituencies to support continuation of project-sponsored initiatives.

(20) Encouraging additional donors and training institutes to consider continuing cooperation.

Table 6.2 Facilitating sustainable development: lessons from Laos

Lessons for the client

- Temper your enthusiasm for possible project outputs with a realistic appraisal of those outputs' sustainability.
- In all your project interactions with the donor and the consultants, take the lead in pressing for sustainability.
- When planning for sustainability, decide what, precisely, needs to be sustained (and what doesn't).
- Insist upon budgeting adequate facilitation time.
- When designing strategies and tactics for facilitating sustainability, concentrate on your host-agency personnel.
- Also consider sustainability incentives and sanctions for your project consultants.
- Anticipate and accommodate the interests of inner- and outer-circle groups.
- Utilize your project to procure a reasonable supply of spare parts and materials.
- Develop self-financing mechanisms to cover your host-agency's project-generated recurrent costs.

Lessons for the donor

- Promote sustainability to encourage graduation.
- Be prepared to mediate between the client and consultants on issues of sustainability testing and confirmation.

Lessons for the consultants

- Be proactive about sustainability.
- Be prepared to educate your client (and your donor, if necessary) about the practical prerequisites of sustainability.
- Protect your interests in the contract.
- Always remember that the key to sustainability is participation by the host agency's personnel.
- Build constituencies for sustainability.

NOTES

[1]Hulme proposes three criteria for sustainability of institution-building change: (1) the host agencies must have mechanisms that permit them to continue to meet the recurrent costs incurred in maintaining project-introduced innovations; (2) they must be able to recruit and train the future manpower needed to maintain those innovations; and (3) the agencies must develop the capacity, at senior management level, to "read" the future and design continuing strategies for change, p. 443.

[2] In a parallel analysis of the considerations impeding sustainability, Gow and Morss (p. 1413) emphasize three broad sets of factors:

(1) *Financial factors*, including the use of excessively costly technologies and service delivery systems in a setting where host-agency revenues are insufficient to cover consequent future recurrent costs;

(2) *Political and economic factors*, including the macroeconomic policy environment in which the project is set and the degree of political support that the project receives; and

(3) *Institutional factors* including inadequate organizational and individual capacity within the host agency to carry on project activities without outside assistance, lack of incentives to produce sustainable project benefits, and insufficient project duration.

Elaborating on the last of these sets, the authors maintain that sustainability is further undercut when a technical assistance project emphasizes consultants' production of short-term outputs at the expense of measures to strengthen the host agency's own capabilities. *Ibid.*, p. 1402.

[3] In Wallace's synthesis of tested remedies for correcting pervasive defects in World Bank-sponsored institution-building technical assistance, literally all of the recommendations directly promote sustainability: (1) giving greater priority to long-term institutional goals over short-term project goals; (2) ensuring that there is a real client, convinced of the need for external technical assistance to deal with a technical, institutional, or policy problem of high priority; (3) establishing plans for systematically replacing expatriate staff with locals; (4) improving aid coordination; (5) designing technical assistance programs to encourage the transfer of knowledge; (6) making civil service employment more attractive to skilled workers; (7) improving the financial viability of revenue-generating public enterprises as a prerequisite to improve pay and working conditions; (8) privatizing certain public services; (9) systematically evaluating the performance of consultants; (10) exploring grant-financing options; and (11) introducing procedures for better management of technical assistance personnel (e.g., using market mechanisms to find host-country nationals before seeking expatriates, and developing local consulting expertise).

[4] The new decree authorizes the FIMC to collect license application and approval fees as well as to assess modest charges for investment-promotion publications, conferences, etc. The explicit rationale is to help defray the costs of the agency's promotional and regulatory activities.

[5] As soon as the new foreign investment decree has been formally adopted, the consultants will assist the FIMC to finalize an official English-language translation of those regulations and to publish the *Investor's Guide To Doing Business In Laos*.

[6] By analogy, writing in the context of technical assistance to facilitate institutional reforms in the education sector, Bock and Arthur (p. 313) contend that:

> [W]hen an educational reform fails, as is often the case, it is usually because some influential groups or coalitions view the prospect of the reform's implementation as contrary to their best political or economic interests. Conversely, the successful implementation of educational innovations is usually the consequence of its being appropriated and supported by the state and/or some powerful interest aggregation groups who perceive it as potentially furthering their interests. It should be all too apparent that technically flawed innovations succeed when powerful interests support them, whereas the most brilliantly conceived programs fail when they are seen as a threat to such groups. Yet most promoters of educational innovation approach the issue as if it were apolitical.

Writing in the context of donor-facilitated facilitation of economic reforms, White makes a similar observation: namely, that political factors are equally as important as technical and economic considerations; and that projects that address political interests and relationships forthrightly and early on have a much enhanced prospect for success. With particular reference to the resistance to reform likely to be expressed by inner-circle and outer-circle interest groups, she points out that structural adjustment and related institutional changes of the type and scope being advocated by the World Bank, International Monetary Fund, Asian Development Bank, UNDP and other donors in the 1980s and 1990s are politically costly for powerful interest groups. In addition, these changes may conflict with local social values (for example, with regard to government's appropriate welfare functions), may require government officials to rethink their traditional roles and responsibilities, may fundamentally alter power relationships within the government, and are vulnerable for being identified with foreign (donor) institutions. For all of these reasons, vested interests are severely threatened by these proposed reforms (and, by extension, by technical assistance projects initiated to facilitate those reforms). Her recommended two-track strategy for appealing to the enlightened self-interest of the technical assistance client and local interest groups is to promote the active collaborative involvement of the local interests in reform and project design and to integrate design with implementation for local empowerment, pp. 51-55.

[7] For Gow, perhaps the single most important key to successful sustainability is for all parties to address the issue early with firm commitments. Where early commitments are less than solid, he recommends that project managers adopt one or more of three alternative sustainability-enhancing strategies: (1) lowering the project's institution-building targets to match present realities; (2) investing in nurturing the parties' commitments to sustainability during project implementation, through education and persuasion; or (3) supporting organizational development initiatives within the host agency which increase the decision-making influence of individuals already most committed. "The Provision of Technical Assistance," p. 102.

[8] White goes further and anticipates that politically sensitive technical assistance management which attempts to facilitate sustainability by adopting a collaborative, integrated approach to design and implementation may not merely fail to attract donor's perceived self-interest but may actually provoke donor resistance. She acknowledges that the approach is particularly difficult for donors to reconcile with their perceived need to move funds quickly and to operate with some predictability. It militates against disbursement guidelines and blueprints and donors' ability to predict what steps will in fact be taken by institution-building clients and consultants. Administratively, collaboration may be difficult for multilateral agencies with their technocratic orientation, and politically it may be difficult for them to be as open-ended as her recommended strategy requires. All donor organizations are accountable to boards which hold their management responsible for clear signs of development assistance efficiency and progress. Nevertheless, she concludes that the record seems clear that it is the only strategy which can take account of diverse local situations and in which host-government officials will have sufficient investment to promote and sustain the imposed macroeconomic reforms, p. 57.

If your institution-building situation involves macroeconomic reforms of the type White describes, there may be exceptional need for you to take the lead in pressing for sustainability.

CHAPTER SEVEN

Technical Assistance Administration and Finance

Common Keys to Success in Technical Assistance Financing

- Establishing a perceived congruence of interests on the part of the cosponsoring entities (both in terms of compatible—but not identical—benefits and complementary—but not identical—resources)
- Identifying a committed individual, or champion, for collaboration within each cofinancing agency, with the talent and influence to execute that commitment
- Establishing a basic trust between the entities and their principals
- Based directly on that trust, adopting a spirit of flexible problem solving by both entities, jointly determined to cooperate in any legitimate way necessary to overcome the inevitable bureaucratic resistance and delays

Underpinning and facilitating the delivery of substantive technical assistance services is project administration and finance. When logistics and payments are handled smoothly, they can pass almost unnoticed. When problems arise, however, they can divert all parties' attention from substantive work, provoke stress and antagonisms, and, at worst, bring project progress to a screeching halt. This chapter examines two facets of technical assistance administration—project coordination and management of multinational personnel—and a range of money matters, all of which proved especially challenging for the UNDP Lao Foreign Investment Advisory Project.

PROJECT COORDINATION

Connections, Communications, and Cooperation

Ongoing management of a technical assistance project is primarily the responsibility of the consultants' on-site project manager and project field office, to be exercised in close (generally daily) collaboration with the client's designated project supervisor within the host agency. In addition to its substantive aspects—including project design, production of consultants' inputs and outputs, technology transfer, and facilitation of sustainable institutional development—this project management responsibility also extends to a coordination dimension—connecting, communicating, and cooperating with an entire constellation of other organizations. This coordination function embraces a series of bilateral relationships between the project office and other individual entities. But it also requires integrating and balancing those bilateral relationships so that all project owners and constituents are informed, respected, and satisfied. What complicates this choreographic responsibility for a typical project manager is that some of these entities may be geographically remote from the project site. Certainly this will normally be true for the consulting firm's home office. Frequently, however, the project donor or its executing agency is also headquartered overseas.

Figure 7.1 diagrams a representative network of entities (and locations) with which a project field office must coordinate the project's contacts and interactions. While the connections with the project parties are the most crucial spokes of this coordination wheel, other links extend from the hub to inner-circle and outer-circle interest groups.[1]

Each of these relationships can strengthen project administration and effectiveness. Project office links to the host agency, to the project donor, its executing agency and affiliated projects, and to the consultants' home office are literal lifelines—absolute necessities for project coordination and management. Links to other donors, to their unaffiliated projects, and to other interest-group constituents are optional but advisable.

Liaising with the host agency is exclusively a local proposition for the consultants' project office (although not for the firm's principals at its overseas corporate headquarters). Liaising with the project donor, consultants' home office, and probably other donors will be partly or totally a long-distance proposition.

Coordinating all of these project relationships will inevitably be time-consuming for the consultants' project manager. It can frequently require diplomatic and cross-cultural skills. It can frequently provoke misunderstandings and confrontations. Typically, too little attention may be paid to coordination during a project's front-end planning. Liaison and communication, like other facets of project management, may be relegated to inferior status in project planners' hierarchy, accordingly getting pushed to the wings as program content and other substantive issues occupy center stage. However, the consequences of this inattention can later prove costly for the project and all its parties.

Client-consultant relationships have been thoroughly discussed in preceding chapters of this case study. Let's now take a closer look at other key coordination relationships and responsibilities that must effectively be managed by a project office with the project donor or its executing agency, with the consultants' home office, with the donor's affiliated local projects, and with other donors and their unaffiliated local projects. In each case, our project provides interesting material to illustrate general principles and problems. Although the chief perspective in this analysis will be that of the consultants' project manager—standing at the hub of the coordination constellation in the Figure 7.1 diagram—the coordination interests of the other project parties will also be addressed in the analysis and then emphasized in the extracted lessons.

Coordinating Project Liaison With the Donor or Its Executing Agency or Both

In most technical assistance projects in developing countries, lead financing will be provided by a multilateral or bilateral development-assistance agency headquartered abroad, which may or may not maintain a resident presence in a given host country where a project is being executed. The World Bank and the Asian Development Bank, for example, are both front-rank sponsors of technical assistance that, because of a highly centralized management preference, maintain relatively few resident missions in borrower countries.

Whether or not a donor is locally represented, it may frequently delegate project supervision authority to an executing agency. That agency, in turn, is often headquartered abroad and may or may not have resident status in the country where the technical assistance services are being performed.

In our Lao project, for example, the sponsoring UNDP maintained a substantial resident mission in Vientiane, but it contracted out supervisory responsibility to an overseas executing agency—the World Bank in Washington, D.C. during our project's first phase, and the UNDP's OPS in New York during the second phase. This administrative arrangement was common practice for the UNDP and also, incidentally, represents a significant portion of the technical assistance projects in which the World Bank gets involved.

Although in principle the executing-agency relationship was the same for both phases of our project, in practice the allocation of responsibilities between the donor and its agent changed dramatically between phases, with fundamental implications for project coordination. Table 7.1 highlights the differences. In effect, the World Bank supervised phase I and the UNDP's resident mission supervised phase II.

The World Bank took its executing-agency role very seriously and made it clear to the consultants that the Bank expected them to take that role equally seriously. By drafting the project letter of invitation and TOR in standard World Bank format, evaluating the competing firms' technical proposals and then inviting the selected firm (IDC) to the Bank's Washington, D.C., headquarters for contract negotiations, the Bank launched the project by placing itself in direct control of the consultants. Then, by requiring that all of the consultants' reports be routed to the Bank for clearance and distribution to the client and the donor and, of course, by disbursing all installment payments, this control was assiduously maintained. Two units of the Bank collaborated on phase-I supervision, the Indochina Regional Projects Department supervised substance and the Technical Assistance Department provided logistical support (for example, with procurement of project vehicles and office equipment).

OPS, by way of contrast, inherited our project at the end of its first phase. Since the client government, the UNDP's resident mission, and the consultants had already agreed on the purpose and scope of the second phase of services, preparation of the TOR and the phase-II contract's substantive provisions was mostly pro forma. In fact, the contract was negotiated and signed entirely by telephone, fax, and mail, with no face-to-face meeting between the executing agency and the consultants. Thereafter, OPS did not visit the project in the field during phase II's fourteen months of residential services. Instead, the UNDP's resident mission took over ongoing supervisory responsibility, and OPS's involvement was limited to approving the consultants' periodic invoices.

Our project's attempts to coordinate interactions and communications with each of these executing agencies were not wholly satisfactory. Our record during each phase of our project was decidedly mixed in this regard. During phase I, for example, the World Bank's approach to project supervision had much to recommend it. The Bank's Projects Department staff clearly understood the subject matter of IDC's assignment, at both the policy and microtechnical levels. They frequently gave sound advice to the consultants' project team on proposed investment-management strategies and tactics and thorough feedback on our substantive reports. In addition, the Bank was able to help keep us apprised of other projects and initiatives planned and underway in our macroeconomic area of operations. They supplied our project office with relevant technical literature. And the Bank's Technical Assistance Unit was consistently supportive with administrative and financial resources.

On the negative side, the Bank supervisors were based halfway around the world from Vientiane. International telecommunication links were then unreliable. And quarterly supervision missions were simply inadequate to offer collaboration and support to the project, or to keep the Bank fully and promptly informed of project progress and problems. To compound this remoteness constraint, the Bank's sense of project ownership at times crossed the boundary—at least from my perspective as the consultants' project manager—separating appropriate donor supervision from excessive micromanagement. In those instances, it appeared to our IDC team that the executing agency was treating the original project plan and TOR as inviolate blueprints rather than as preliminary conceptual guidelines. The difficult phase-I contract negotiations between the Bank and IDC (mostly concerning personnel recruitment and budget issues) seemed to have left a legacy of skepticism on the executing agency's part which, in turn, limited the Bank's receptivity to plan modifications later proposed by the consultants on the basis of collaborative needs assessment and design finalization. Complicating this coordination relationship was the Bank's previously noted preference to limit the consultants' direct communications with the client and donor agency, a preference which, from our project office perspective, made little practical sense and threatened to inhibit those other legitimate liaison channels.

During phase II, the UNDP's resident mission in general, and its resident representative in particular, took over lead responsibility for donor supervision of this project and gave outstanding, timely cooperation and support. Their local availability to the client and consultants was a marked improvement over phase I. And their flexible, problem-solving approach to administrative problems helped to ensure that major client and consultant energies seldom had to be diverted from priority substantive concerns.

However, while the resident mission performed phase-II supervision for the donor on an ongoing basis, this was strictly an ad hoc arrangement. Contractually, the project's new executing agency and IDC's client became the UNDP's OPS in New York. And ironically, as often seems to happen in such cases, but as the consultants and donor unfortunately failed to anticipate in our case, in attempting to address phase-I supervision problems by substituting one executing agency for another (i.e., OPS for the World Bank), the donor ended up introducing a different set of problems.

Unlike the Bank staff, OPS personnel had no comparable familiarity with Laos, our project context, concept, or subject matter. Moreover, understandably, OPS's contract guidelines and consequent expectations were quite different from the Bank's. Although contemplated by the consultants, client, and donor's resident mission as a routine extension of agreed, successful phase-I services, the extension was treated by our new executing agency as a *de novo* negotiation of a separate project with full justifications accordingly required for staffing, reporting, and budgeting. Complicating this difficult situation was the fact that high turnover in OPS's relevant unit in New York resulted in the assigning of no fewer than a half-dozen different contract officers to this project during the course of phase II, disrupting the agency's institutional memory. In the end, what saved the day was for the UNDP's resident mission to step into this breach and effectively liaise between its consultants and its executing agency. Also extremely helpful was OPS's eventual assignment of its supervision responsibility to an experienced officer who consistently demonstrated flexibility and cooperativeness.

As these Lao project references illustrate, it is not easy to recommend uniform general principles for effectively coordinating relations between consultants' field-based project management and the project donors or its executing agency. Project management can suffer just as much from excessive executing-agency supervision as from inadequate supervision.

Even the geographic dimension of donor supervision does not lend itself to unequivocal recommendations. On the basis of our Lao project's recurring difficulties with remote executing agencies, for example, one is tempted to conclude that geographic proximity would be an absolute virtue. From this perspective, a donor might be prudent either to engage a locally represented executing agency or, if the donor had a resident mission, to supervise the project without an agent.

In-country supervision would afford the donor (or its executing agency) ease of access to project activities and consultants' field personnel for purposes of monitoring and evaluation. Reciprocally, it would afford the client and consultants ease of access *to* the donor for needed management collaboration and supervisory input. Smooth, tripartite (i.e., client-donor-consultants) project coordination would thereby become logistically feasible. Potential management problems could readily be addressed before they developed, in face-to-face communications rather than through exchanges of potentially polarizing faxes.

In cases where the donor or executing agency does not maintain a resident presence, this perspective might recommend frequent recourse to supervisory site visits. Alternatively, a remote donor might seriously investigate the feasibility of engaging the client government as executing agency, an increasingly popular supervisory methodology in current development-assistance projects.

What gives one pause, however, before inferring too much from this Lao experience about the merits of on-site supervision, is the recognition that our project's extremely cordial relations with the UNDP's resident mission may not have been at all typical. All international development-consulting firms (and many clients) can tell far different stories—of on-site donor supervision that was overzealous, interruptive, and possessive. For project managers trapped in those relationships, supervisory proximity might seem a bane and remoteness a boon.

As for assigning the supervisory role directly to the host-government client, this has obvious pros and cons. On the positive side, it automatically establishes on-site supervision, reduces the number of parties requiring coordination, and empowers the client by increasing its sense of project ownership. Countervailing risks include, for the donor, a perceived or actual reduction of its project control; for the consultants, new possible complications receiving disbursements of hard-currency payments;[2] and for the client, an added major administrative burden. Some host governments may lack adequate experience and expertise in such technical facets of project supervision as supervising international competitive bidding among international firms. There is also considerable risk that a host agency that is receiving the consultants' services and collaborating with them in counterpart relationships may not be inclined to vigorously monitor the consultants' services or resolutely enforce the consultants' contractual obligations. Clearly, supervisory know-how can be transferred, and supervisory authority could be housed in a centralized donor-liaison unit of the government rather than in host agencies directly receiving technical assistance services. These problems are not insurmountable. But direct supervision by the client is not a panacea for the previously traced coordination complications of donors' executing agencies.

The key, in sum, must lie not in the geographic origin of supervision but in its quality. And while the donor and its executing agency, if any, must accept and execute primary responsibility for that quality, the client and the consultants can and should contribute complementary cooperation and support. In particular, through timely reporting and responsiveness, the consultants' project manager should make the servicing of this supervisory relationship a top priority of effective project coordination.

Coordinating Liaison Between the Consultants' Project Field Office and the Firm's Overseas Corporate Headquarters

IDC divided its managerial responsibility over our Lao project between a home-office project coordinator based in Paris and an on-site project manager based in Vientiane. Our home office supervised proposal writing and contract negotiation, signed the resulting contract, identified and recruited most short-term specialists, finalized and submitted the consultants' periodic reports, maintained continuous liaison with the donor's U.S.-based executing agencies, submitted invoices to those agencies, and received installment payments in return. Our project field office, in turn, took charge of all operational management of the project, including direct liaison with the client government and the donor's resident mission. Communication between home and field was maintained primarily by fax and secondarily by telephone, courier, and periodic visits by IDC's project coordinator.

Overall, this relationship worked cordially and efficiently for both ends of the consultants' pipeline. IDC's home office received the field representation it required. Our field office received the necessary reciprocal backstopping. Probably the key to this smooth running was IDC's project coordinator, the firm's managing director. Having served numerous times as an on-site project manager, the coordinator knew the practical merits of delegation, trust, and noninterference. Having previously worked in Laos, he could make informed judgments of the soundness of actions proposed by his field office and offer corporate guidance where appropriate. Although we had not collaborated on prior projects, the coordinator and I knew each other by reputation. More important, we had the opportunity to work intensively together on Lao project proposal writing and contract negotiations before the start of field services. This shared trial by fire initiated a solid professional bond that was then promptly consolidated when the coordinator actively participated in phase I's start-up needs assessment. The resulting empathy stood us in good stead through four years of close collaboration, most of it conducted at a distance of thousands of kilometers.[3]

Where IDC's home-field coordination of this project ran into some difficulty was in three specific areas. One concerned money matters (a discussion of which follows). Here the problem was essentially one of cash flow; when the home office had to wait for delayed disbursements from the donor's executing agencies, it was unable to promptly replenish the field office's operating accounts.

A second difficulty concerned IDC's need to keep its managing director and other home-office professionals constantly on the road, servicing projects in other countries and, therefore, not always being available at Paris headquarters to promptly deal with Lao project needs. This is a particular problem for smaller international development-consulting firms, since their core staff are doing double and triple duty and their field operations are scattered all over the Third World. Even for large firms, however, key home-office project coordination personnel are frequently diverted to proposal writing and other marketing activities.

A third source of some IDC home-office concern stemmed from the failure of our project field office during phase-II execution to use the full quantum of short-term specialist services that the firm had intended to staff with its permanent personnel and regular subcontractors. This shortfall resulted from two factors: delays and schedule changes in planned phase-II activities that deprived some experts of availability; and my decision, as project manager, to utilize repeat specialists and experts based within the Indochina region in order to increase their institution-building impact.

One additional home-field coordination problem that IDC fortunately did not have to address in this Lao project was allocating responsibilities between the consultants' overseas headquarters and in-country field office when the donor's supervising unit was also in-country. In our case, allocation flowed automatically from geography. IDC's Paris headquarters liaised directly with the World Bank in Washington and OPS in New York on all administrative and financial matters. Meanwhile, our project field office took lead responsibility for liaising the UNDP's resident mission in Vientiane. In another project, however, where the donor might conduct all supervision from an on-site resident mission, this would risk greatly reducing the consultants' home office's project involvement and control, creating an even greater necessity for clear intrafirm guidelines and for secure home-field trust.

Coordinating Liaison With the Donor's Affiliated Projects

The UNDP Lao Foreign Investment Advisory Project was formally linked to four affiliated UNDP projects during phase I under a single umbrella program.[4] Program coordination was assigned by the donor and its lead phase-I executing agency (the World Bank) to IDC as a firm[5] and to me as investment project manager. During phase II, the three surviving projects were uncoupled and informal ongoing liaison among their managers was coordinated by the UNDP's resident mission.

The conceptual rationale for this coordination was self-evident. The projects were all working on closely connected macroeconomic subjects. Their managers could obviously benefit from a continual exchange of information, especially in a rapidly evolving regulatory environment where few policy decisions were published. Duplications or, worse, conflicting project activities would have been wasteful for the host government and an embarrassment for the common donor. Harmonizations, by way of contrast, could be expected to be synergistic—for example, between our foreign investment project, on the one hand, and the privatization, customs and tax, and commercial legislation projects on the other.

In my program coordinator's role, I utilized a variety of management techniques to facilitate liaison among the five affiliated projects:

(1) Convening regularly scheduled monthly briefing meetings of all the project managers and maintaining continual, informal consultative contacts in the interims;

(2) Convening periodic joint harmonization sessions between consultant-and-counterparts working groups from our foreign investment project and the commercial legislation project, in order to exchange briefings on current progress in legislative drafting and adoption, and to confirm that preliminary legislative ideas and provisions contemplated by each group would be mutually consistent and acceptable;

(3) Collaborating closely with IDC's privatization project to maximize field benefit derived from the firm's visiting short-term specialists;

(4) Extending invitations to the affiliated projects' managers to serve as cotrainer/guest instructors in our foreign investment project's seminars and workshops, guest speakers in our project-sponsored conferences, and guest authors of articles in the semiannual FIMC investment-promotion journal; and

(5) Exchanging relevant quantitative data with the statistics project.

As can be seen, some of these initiatives were bilateral, others multilateral. Two facets of these coordination efforts seemed most effective. One was facilitating informal networking among the affiliated project managers. By keeping each other informed and alerting each other to possible developments, opportunities, and constraints, this professional circle proved a precious advisory resource. Emphatically it was never a donor or executing agency "spy network." No client-government confidentiality was violated either to fellow managers or to the donor or its execut-ing agencies. Nevertheless, to be able to exchange candid views on nonconfidential matters with an inner circle of trusted, on-the-ground colleagues, having complementary but not duplicative expertise, was frequently invaluable.

The other especially rewarding technique was Item (4) in the previous list. These invitations from our foreign investment project served multiple purposes: to strengthen working ties among managers and projects, to make maximum use of locally available expertise, and to expose the FIMC's constituents (principally foreign investors) to authoritative local opinions and information. And while our project and its client were the principal beneficiaries of this exploitation, our affiliates and their respective clients reciprocally obtained valuable insights into the direction and pace of the government's investment-management reforms.

By way of contrast, two principal factors seemed to impede this coordination among affiliated projects from working more effectively. One was the failure of the client and donor to budget adequate time and money for the affiliates' coordination function when planning phase I.[6] The amount of work required was seriously underestimated. This was especially the case because multiple consulting firms and host agencies had to be coordinated. As a direct result, multilateral coordination mostly deteriorated to the convening of monthly meetings of the five project managers—valuable in itself but far less vigorous than what might have been attempted. Although the meeting convening responsibility passed to the UNDP's resident mission during phase II, coordination's full potential was again never realized during that period. Ideally, many legitimate affiliate-coordination initiatives might have been launched—for example, joint retreats and conferences, a cooperative newsletter, and so forth. But in this Lao climate, as in other technical assistance environments where the principals are overworked, no serious coordination was likely to get started and be sustained without serious planning, design, and resource commitments—by the donor, the client, and the consultants. And, unfortunately, these were never sufficiently mobilized.

A second constraint was the five managers' failure during phase I to actively encourage participation of Lao counterparts in the affiliates' monthly meetings and other coordination exchanges. In fact, this expansion of the coordination table had been briefly contemplated and rejected by the managers, on grounds of probable unavailability and potentially inhibited discussion. However, when expansion *was* eventually implemented during phase II, on balance the positive results far outweighed any negative results. The Lao counterparts greatly enriched the affiliate discussions and clearly benefited from the information exchange. Inevitable absences were not crippling. The obvious trust and empathy exhibited within each counterpart-advisor pair quickly inspired candid sharing among all participants at the expanded table. With hindsight, the original exclusion had been a clear error of judgment and vision, one for which I, as the phase-I program coordinator, must regretfully bear chief responsibility.

Coordinating Liaison With Other Donors and Other Unaffiliated Projects

During the 1991-1994 tenure of the UNDP Lao Foreign Investment Advisory Project, numerous other multilateral and bilateral official donors were active in Laos, as were equally numerous nongovernmental organizations (NGOs). The ongoing development-assistance projects easily numbered in the dozens. Many of these donors and projects were working in subject-matter areas more or less relevant to foreign investment. Opportunities for information exchange and more substantive cooperation were manifold, as were risks of duplication and overlap in the absence of such exchange and cooperation. Particularly in a development-assistance environment like that prevailing in Vientiane in the early 1990s, aid coordination was an ethical imperative and operational necessity. The host government was consistently overwhelmed by donors' fresh (or rehashed) project proposals. Counterpart personnel were stretched to and beyond the limit of their absorptive capacity.

In this context, our foreign investment project attempted two sets of principal outreach initiatives:

(1) On an ongoing basis, our project office publicized its planned and in-progress activities through the FIMC's investment-promotion journal, conferences, and numerous briefings of visiting donor delegations. Through these communication channels, we exchanged operational information, invited feedback on our project initiatives, and generally sought to encourage technical assistance cooperation and to anticipate and avoid duplication.

(2) In specific cases, we inaugurated cofinancing joint ventures with other donors or projects or both, for example, with the Asia Foundation on an ambitious range of mutual activities, with the Australian Government in cosponsoring the Sydney forum, with the European Community and French Government in attempting (though failing) to sponsor a Paris forum, and with the UNDP Mining Sector Project in cosponsoring a Vientiane workshop on implementation of the standard-form Lao mineral investment contracts.

What seemed to work well in the first of these coordination areas was freely sharing project information, materials, and contacts. Whereas briefing other donors' and projects' newcomers to Vientiane was not within IDC's TOR, it consistently helped our project office and our FIMC clients to keep abreast of other contemplated aid initiatives, to influence or join forces with those initiatives when warranted, and to attempt to discourage or divert them where they seemed duplicative or otherwise ill-advised. Some other technical assistance managers may favor concealing information in the interest of territoriality. For our project, actively encouraging the free flow of information clearly enhanced our awareness of what was going on around us in Vientiane's development-assistance arena and directly strengthened our coordination potential. Equally important, this practice and attitude gave our IDC team an opportunity to model for our FIMC client foreign investment management behaviors and attitudes that we were strongly advocating the government to adopt—namely, replacing a control mentality with a service mentality and promoting public access to government data and decisions.

To the extent that our project's open-door policy met with less than total success, the shortcomings could be mostly traced to other donors' disingenuous attitudes toward aid coordination. In my experience working on technical assistance assignments in more than twenty countries, aid coordination is a goal honored more in the breach than the observance. Despite pious pledges at donors' roundtable meetings and other similar forums, in practice many, if not most, donor representatives—and, it must be acknowledged, client representatives—in fact resist meaningful coordination at the program and project levels whenever it appears that it might constrain aid expenditures. This tacit conspiracy between donor and recipient is readily understood in terms of institutional rewards systems. Donors' project staffs are at least in large part rewarded for moving money, the more the better. In addition, competition between donors for influence in a particular host country or region may be a further deterrent to cooperation. Meanwhile, host-government personnel responsible for coordinating donor relations may perceive aid projects (cynically but realistically) as sources of otherwise difficult-to-procure foreign goods and services—trips, training, and trinkets. As for consulting firms anxious to keep fully employed and not to offend donor agencies that are their principal source of contracts, most will not take a vigorous stance opposing aid duplication. Some may even tacitly encourage it if duplication gives an opportunity to go head-to-head with a competitor.

This insidious congruence of interests is evident and powerfully resistant to reform.[7] In terms of development policy and economics, duplicative projects are indefensible. They waste precious funds that, if loans, have to be repaid and, if grants, could be better spent on nonduplicative initiatives (or not at all). They overwhelm host agencies and key counterpart personnel.

They perpetuate dependency. And they induce cynicism about the motivations driving the entire development-assistance process. Nevertheless, with pressures to spend and receive so compelling, genuine restraint and coordination are unlikely to work without genuine high-level commitment and sanctions. On both the donors' side and the host government side, this would require authority and procedures to *enforce* nonduplication. Frankly, I do not expect to see it in my lifetime. Contrary to the conventional wisdom, in a country like Laos, there is far too much foreign aid, not too little.

Turning to the second set of initiatives undertaken by our Lao project to coordinate with other donors and with unaffiliated projects—cofinancing joint ventures—in most cases these worked extremely well. The common keys to success appeared to be:

- A perceived congruence of interests on the part of the cosponsoring entities (both in terms of compatible, but not identical, benefits, and complementary, but not identical, resources);
- A committed individual champion for collaboration within the cofinancing agency, having the talent and influence to execute that commitment;[8]
- A basic trust between the entities and their principals; and
- Based directly on that trust, a spirit of flexible problem solving determined to cooperate in any way necessary to overcome the inevitable bureaucratic resistance and delays.

By no means were all of our project's attempted cofinancing joint ventures problem-free. For example, our Sydney Forum for Asian-Pacific Investors, though an overall success for the Lao Government and for Australian firms interested in learning more about Lao investment opportunities, was extremely difficult to manage in terms of working relations between our project team and the host Australian Government entities. Incompatible expectations about the cosponsoring entities' responsibilities and obligations were compounded by painful personality clashes on the ground. The results were acutely unpleasant for all concerned, although thankfully the conflicts were kept behind the scenes.

Our project's attempt to coordinate a Lao Paris forum for European investors was a failure. Initial enthusiasm for cofinancing cosponsorship that had been expressed by the European Community and French Government was in the end overtaken by a new Community regional representative's preference to move ahead with the event unilaterally, without participation by the UNDP or our project, which had originated the idea.

Perhaps not surprisingly, the common variables best explaining these joint-venture failures appeared to be the converse of the same qualities that had inspired our successful collaborations:

- A lack of congruence in the cosponsors' perceived self-interests;
- The absence of an effective, sympathetic counterpart within the cosponsoring organization;
- A lack of basic trust; and
- The inability to mobilize a flexible spirit for mutual problem solving.

All participating parties, including our IDC project team, must share the responsibility for these instances of inadequate technical assistance coordination.

MANAGING MULTINATIONAL PERSONNEL

One of the most critical facets of technical assistance administration for a consulting firm and for its project manager is personnel management—recruitment, mobilization, and supervision. For the consultants, as for the client and the donor, people ultimately make the difference. Effective personnel management essentially means getting the best possible performance out of the best available resources.

The main management principles and opportunities in this area can be most usefully highlighted by focusing the discussion on two groups of project personnel within consultants' technical assistance teams: expatriate experts from diverse home countries and locally recruited host-country nationals to staff the consultants' project field office.

Multinational Expatriates

Most international development-consulting firms staff technical assistance assignments by recruiting individual subcontractors from the international marketplace. A number of considerations explain this prevailing recruitment pattern. The firms prefer to keep their permanent staffs to a minimum in order to contain overhead costs, especially payroll costs, during the inevitable gaps between fee-generating assignments. (Donors and clients tacitly encourage this practice by pressing for low overhead rates.[9]) Accessing the market for experts available for short-term and—although this is much more difficult—long-term assignments gives a firm the chance to recruit highly specialized expertise (including, for example, prior field experience in the assignment's host country or region, exotic foreign languages, etc.) and perhaps also to pay lower rates than those prevailing in the firm's home country. (For example, although it is not widely known, Western European consulting rates prevailing in the early 1990s were considerably higher than American equivalents.)

The resulting "mini-United Nations" project teams can be fascinating multinational groups. But they also present special management challenges to the consulting firm and its host-country client. Internal compatibility within the team is, of course, essential. So is smooth integration of resident and short-term personnel. Even more crucial for institution-building effectiveness is team members' demonstrated sensitivity to, and respect for, the host-agency client's cultural values and expectations.[10]

In our Lao project, IDC employed expatriate personnel of six different nationalities. In order to facilitate compatibility within the team, the firm used a number of management tactics. Wherever possible, individuals were recruited who had worked successfully together before, either for the firm or with IDC's project manager. IDC's project coordinator in Paris and I, as on-site project manager, took care to thoroughly brief team members before their arrival on the identities and credentials of their team colleagues and on the expected division of labor and responsibilities within the team. Team building was then reinforced upon arrival, both in official team meetings and through informal social gatherings.[11]

In order to confirm our expatriate team members' cross-cultural empathy for Lao values, we made a conscious effort to recruit individuals known to demonstrate the desired sensitivity and respect. Since prior (especially recent) experience in Laos proved a relatively rare commodity, experience within the region was given high priority. Team members were given advance written materials on Lao culture, history, politics, and economics. On-arrival briefings supplemented this information by placing the members and their missions within our project's current context, highlighting any pertinent sensibilities. Care was also taken to inform key client leaders and counterparts in advance of the proposed candidates' identities, qualifications, and tasks; to obtain client approval for these personnel and their missions; and to introduce the expatriates to their Lao hosts upon arrival.[12] As previously discussed, cross-cultural ties were also strengthened by inviting successful short-term specialists to return for repeat missions and by mobilizing the resident advisor and senior FIMC counterparts to vouch for the short-termers' legitimacy and to complement their interventions in briefings and training settings.

Our project was blessed with the good fortune of consistently sound performance and sensitive behavior by our multinational expatriate personnel. Other technical assistance projects are not always so fortunate. In my experience, key problems with expatriate project personnel more typically involve cross-cultural insensitivity or personal (i.e., nonprofessional) difficulties than they do technical incompetence. But whatever the source, if serious problems arise that jeopardize the consultants' operational effectiveness or the project's relations with client or donor, the project manager must move swiftly and resolutely to put out the fire. Remedial measures should commence with the giving of corrective, constructive feedback to the team member(s) involved. If the problem cannot be promptly resolved at the field level, the firm's corporate procedures may require intervention by the headquarters office. In the worst case, the offender's services may have to be terminated and the individual replaced.

This simple recitation of corrective actions understates the serious costs, disruption, and damage involved. Changing horses in midstream can provoke acrimonious confrontation, recriminations, and even litigation. In the process, the firm and the individual may lose face and suffer diminished professional reputations. The firm is almost certain to incur nonreimbursable replacement costs. The project will suffer (perhaps irreparable) loss of forward momentum and continuity of services, both of which are vital for institution-building counterpart relationships and know-how transfers.

In this context of managing expatriate project personnel, at least brief mention should be made of a recruitment variation that receives too little early attention in conventional technical assistance planning: namely, opportunities for the consultants' to hire foreign nationals locally at the project site. For our Lao project, for instance, the chief example was a special events advisor whom our project office engaged to help organize sectoral investment conferences in Vientiane. We retained other foreign professionals to produce the FIMC audiovisual presentation, and to desktop publish and help edit the FIMC's semiannual investment-promotion journal.

In general, these recruitments were a success. They were far more economical than importing comparable skills (especially since no air fares or per diems were required). They provided valued employment to locally available expatriates and yet did not displace host nationals since the required skills were so specialized. Arriving at appropriate fee levels proved a somewhat delicate management challenge; truly international rates did not seem justifiable, there was no clear market indicating local rates, and whatever amounts were negotiated seemed to strike our project's host-agency clients as high, although no Lao nationals were available to provide the same services.

On balance, local expatriates in general, and dependent spouses in particular, constitute a rich potential pool of legitimate underutilized professional talent that technical assistance managers will be well advised to explore more imaginatively.

Locally Recruited Host-Country Nationals

In addition to expatriate experts, other key members of most technical assistance consulting teams are locally recruited nationals of the client's host country. Here the main categories include project field office support staff, local subject-matter experts, and local technical specialists (like interpreters and translators). Practical technical assistance management challenges in this area range from who to recruit, where to find them, what to use them for, how to supervise them, how much to pay them, and how to facilitate their interaction with host-agency counterparts.

IDC's small in-country project office employed three locally recruited Lao nationals: an office manager/administrative assistant, a part-time secretary, and a driver. Since Vientiane was and is a rather small town, and the UNDP was well known to local professionals and support staff, identifying and recruiting candidates for these positions with relevant experience was not complicated. The one serious challenge in this regard was locating an office manager with true administrative skills, bilingual and preferably trilingual competence,[13] computer experience, and appropriate self-confidence especially for interacting with demanding expatriates.

Our project was fortunate in its selection of a well-qualified candidate to fill this crucial post. We further invested in this human resource by financing her advanced English-language and computer training. In addition to competently performing her technical tasks, this individual was also invaluable as a project office representative liaising with government agencies, local vendors, as well as others, and as a cross-cultural interpreter assisting our expatriate team members to better understand and appreciate host-agency and other local values, decisions, and actions. Interestingly, but with hindsight not surprisingly, these bridging roles came to be bidirectional. On request, she was able to help host-agency counterparts to interpret her foreign employers' eccentric behavior or remarks. On occasion, she was encouraged by those counterparts to convey cross-cultural messages to her employers, even when the latter were unaware they had a problem.

Our project frequently engaged the services of three other categories of local professionals: translators, interpreters, and subject-matter experts. The translators provided written Lao-to-English or English-to-Lao translations of technical documents produced by the project or needed by the project for training events or meetings. The interpreters provided simultaneous or sequential interpretation at project-sponsored training events and conferences. The local experts, recruited from both public-sector and private-sector institutions, served as guest speakers or panelists at project-sponsored conferences.

Translation and interpretation services were critical management and coordination tools for our project. Most Lao Government officials spoke and understood at least some English or French. All of IDC's field personnel were bilingual in these two locally dominant foreign languages. However, only two of these expatriates were conversant in the Lao language at a technical level of competence. So for many written and oral interactions between Lao decision-makers and their IDC advisors, it was useful to have access to linguistic intermediation.

Providing Lao-to-English interpretation in our project training programs was of evident practical value to our FIMC trainee-counterparts. Interpretive services encouraged these trainees to express themselves verbally in their own language and to enter with confidence into interactive learning exchanges and exercises. Receiving national-language translations of all key project documents greatly empowered these same trainees.

IDC supervision of our staff was generally smooth and uneventful in the small project office. Mutual accommodations needed to be made between expatriate supervisors and local workers in terms of expected styles and pace of work. Speaking for myself, I had to learn to temper American enthusiasm and familiarity in order to show due respect for Lao decorum. Our Lao colleagues, for their part, had to learn to express their opinions much more explicitly for their expatriate supervisors than would have been appropriate within Lao institutional culture.

Arriving at appropriate pay scales also took some patience and cooperation. Our project was able to pay its local staff rates commensurate with local scales prevailing in other development-assistance projects. These rates were much, much higher than government rates but lower than emerging rates payable by private-sector foreign investors. We were unable, of course, to guarantee long-term or postproject employment, a consideration that deterred some local personnel from joining our team notwithstanding the high short-term remuneration.

Most of these project relations with local personnel were markedly successful. In terms of our project office staff, the office manager in particular rendered outstanding service. Although IDC's expatriate representatives were only aware of the situation to a very limited degree, there appeared to be some resentment by second- and third-tier host-agency personnel toward their conationals who were working for this and similar expatriate-led operations. In large measure, this resentment sprang from jealousy of the superior salaries paid to projects' local staffs. (On the other hand, as just noted, project employment was strictly temporary, with no residual security or benefits, the chief attraction of government service.) Interestingly and less tangibly, however, this attitude seemed to contain an element of xenophobia, whereby local nationals were thought less of by their compatriots for having *crossed over* to work for foreigners. In a cultural milieu as acutely sensitive as that of Laos, such sentiments could be as excruciating as they were subtle.

The project's record in engaging local interpretive and translation services was one of mixed success. On the positive side, it facilitated open communication between consultants and client, counterpart empowerment, and more effective know-how transfer. On the other hand, our project's foreign investment subject matter was sufficiently technical and specialized that general commercial translators and interpreters had great difficulty fully understanding the concepts and the vocabulary. Moreover, since the content of project and FIMC documents and discussions was often sensitive, if not confidential, the FIMC was understandably cautious about welcoming private-sector translators and interpreters into the inner sanctum. This was particularly true since, until very recently, the domestic public and private sectors had been estranged.

One solution was to request in-house FIMC personnel to perform sensitive translating and interpretive functions. But these counterparts were always overworked and sometimes unavailable. They did not have interpretation in their normal scope of work and perhaps resented the extra duty. Equally seriously, some individuals might, on occasion, have vested interests in the subjects being discussed and so be tempted to translate or interpret selectively. Phase II attempted to upgrade FIMC translation and interpretation capabilities by budgeting for long-term, overseas intensive professional training for a Permanent Office staff member who would, on return, serve as the chief official FIMC translator-interpreter. In the end, however, no prequalified candidate could be identified and spared by the government.

MONEY MATTERS

Speak to any international development consultant or consulting firm about their chief professional concerns, and money matters are certain to figure prominently. Moreover, the same two sets of financial problems will almost always be mentioned as among the most grave: getting "squeezed" by contractual clients (including donor agencies) when negotiating the financial terms of engagement, and getting paid late when performing the agreed services.

Since all serious disputes have at least two sides, donors (and other project owners) tend to see both of these issues somewhat differently than do consultants. From the perspective of these consumers of consulting services, the fee levels sought by many international development-consulting firms seem excessive. Moreover, to these same project owners, alleged disbursement delays are often attributable to consultants' incomplete or late submissions of the project outputs (or invoices) that trigger installment payments. In other words, from this perspective, the consultants are the cause of the late payments as well as their victim.

Not surprisingly, our Lao project had to deal with both of these money matters. Our experience may be instructive.

Financial Negotiations and Late Payments During Phase I

As previously reported, IDC's consulting contract under phase I of the Lao project was negotiated and signed by the World Bank in its capacity as executing agency for the funding donor, the UNDP. Accordingly, World Bank guidelines for procuring consultancy services became the applicable contracting ground rules. Technical proposals without financial terms were first solicited from a prequalified shortlist of competing firms. The selected firm, IDC, was then invited to submit a financial proposal and to come to Bank headquarters in Washington, D.C., to negotiate the contract, and in particular, its financial terms.

These negotiations were extremely difficult. One set of financial problems was structural in origin. In its letter of invitation and negotiating position, the Bank had presented a fixed contract-price ceiling covering all foreign and local costs of consulting services—home and field offices, remuneration, direct expenses, the firm's overhead and fee, and contingencies. Although labeled a *budget estimate*, in effect this ceiling was unilateral and nonnegotiable. Moreover, although the first round of proposals had in principle been limited to the competing firms' technical approaches to the assignment and devoid of prices for those services, in practice the competitors' awareness of this ceiling had necessarily and deliberately driven them to maximize the quantity of services that they could afford to offer within this financial limit. In effect, then, IDC's technical proposal had already implicitly presented the firm's financial proposal. The Bank had selected IDC on the basis of that technical proposal. So one might have anticipated that money should present no problems in the ensuing contract negotiations.

In fact, however, and again in accordance with standard World Bank practice, that acceptance had been articulated very carefully in terms of "finding the [technical] proposal a suitable basis for contract negotiations." In other words, the Bank was reserving the right to treat the technical proposal as a point-of-departure, not as a wholly acceptable offer. Moreover, since IDC's proposal had made person-month (i.e., quantum-of-services) assumptions that were significantly more modest than the Bank's own expectations of how the assignment ought to be staffed, in these circumstances the ceiling operated to make inevitable serious negotiating conflict over the contract's financial terms. That is, if IDC could not succeed in persuading the Bank to accept IDC's person-month assumptions, then the firm's only means of concluding the deal would be the equally unattractive alternatives of cutting its projected expenses (and bearing the consequent financial risk of overruns) or reducing its fee margin (i.e., overhead plus profit).

To complicate this already difficult situation, between submission of the technical proposal and commencement of financial negotiations, both parties had made awkward discoveries. For IDC, sudden and severe adverse exchange-rate fluctuations between the dollar in which the contract budget would be denominated and several European currencies in which key IDC subcontractor team members expected to be paid meant that the financial assumptions that had underpinned the firm's technical proposal no longer held true. The best solutions from IDC's perspective appeared to be to appeal to the Bank to permit it to slightly reduce the original person-month estimates budgeted for the most affected individual short-term specialists. The Bank, meanwhile, belatedly decided to add to IDC's mandate under the contract the responsibility for coordinating all five affiliated projects linked under the single UNDP macroeconomic-reform program umbrella. Since it was too late in the competition to formally amend the TOR, the best solution from the Bank's perspective appeared to be to appeal to IDC to simply fit this extra work into its project design without increasing its price. In sum, the consultants and their contractual client were both approaching an already strained bargaining scenario with additional financial needs that were certain to pull them further apart.

In the end, these differences were resolved and a contract signed. Person-month commitments of individual team members were adjusted up and down. A mechanism was adopted for paying IDC at least part of the contract price in French francs, partially alleviating the firm's exchange-rate burden. The Bank permitted some of the other duties of IDC's project manager to be reduced in return for his taking on the program coordination role. IDC agreed to close the remaining financial gap by accepting some risk of estimated expense overruns and by reducing its fee margin. Both parties emerged from this initial confrontation feeling fatigued, discouraged, and adversarial. These sentiments were eventually replaced by cordial working relations between the consultants and their contractual client (i.e., the Bank) during implementation of what came to be regarded by all concerned as a highly successful project. However, these financial negotiations launched that relationship in a less cordial and collaborative spirit than the parties would have preferred and the project deserved.

With hindsight, how might this debilitating confrontation have been alleviated or avoided? Several possibilities might be suggested. One is that the donor might have established a budget estimate that was not a rigid ceiling. (Refraining from publishing an estimate seems impractical; not only might technical proposals not pegged to financial guidelines have been highly disparate and difficult to fairly evaluate and compare, but also, the UNDP grant amount had already been fixed so the Bank's budget limit was in fact absolute.) To accommodate possible increases in that estimate during contract negotiations, a contingency margin might have been left between the published estimate and the actual available limit.[14]

Equally helpful might have been refraining from attempting to estimate precise person-month allocations for each member of IDC's project team, and from then locking in those allocations as fixed contract and budget requirements. As argued elsewhere in this case study, for the Bank to insist on detailed allocations of individual short-termers' time before the team even took to the field may have constituted inappropriate micromanagement. Certainly it restricted IDC's flexibility to finalize its design in an optimal manner following the collaborative needs assessment. Moreover, it made for arduous reporting and invoicing requirements and provoked a series of further downstream negotiations when adjustments in those original allocations were proposed by the firm.

To hedge against adverse currency fluctuations, IDC could have attempted to elicit from its subcontractors firm acceptance of agreed dollar rates, in effect passing on to those individuals the exchange-rate risk. (Since the sudden fluctuations were so unexpected and severe, this insistence, it must be conceded, may well have caused serious defections, which, in turn, would have put IDC's selection in jeopardy.)

Adequate time and funds should have been forthrightly budgeted for the crucial program coordination function. And, it must also be said, both parties should have anticipated the fact that financial negotiations are almost always contentious and, therefore, should not have been surprised or offended. In the heat of battle, of course, this is far easier said than done.

To give a full and accurate picture of these phase-I contract negotiations, several offsetting positive aspects should also be reported. First, IDC's negotiators (the project coordinator and the project manager) were thoroughly familiar with the Bank's customary formulas for structuring consulting budgets, computing overheads and profits, and so forth. The Bank representatives, on their side, were thoroughly familiar with prevailing international prices for comparable consulting services. Consequently, on these fundamental issues, there was no contention.

Second, by adopting a fixed-price, lump-sum contract format, the parties freed IDC from the obligation of accompanying project invoices with detailed receipts or other supporting documentation. Especially for services to be coordinated and billed from Paris but performed in Vientiane, this freedom proved a major administrative benefit during project implementation. (To be consistent, the fixed-price approach was only feasible because detailed person-month allocations were fixed and agreed upon, and because maximum allowable direct expenses were likewise resolved in advance. Thus, if one were to adopt the earlier suggestion of retaining flexibility in the contract budget, this benefit would probably have had to be foregone by IDC.)

Third, to protect IDC against the threat of negative cash-flow, an installment payment mechanism was proposed by the consultants, accepted by the Bank, and proved extremely successful in practice. As diagrammed by Table 7.2, a mobilization payment made on contract signing advanced to the firm an aggregate amount estimated sufficient to cover all eligible direct expenses anticipated to be incurred in start-up, prior to disbursement of the first progress payment. These expenses included, for example, initial air fares, all on-arrival subsistence costs, the resident advisor's housing and furnishing allowances, and initial international communications. Each progress payment was then computed (and disbursed) in an amount equal to remuneration (including the firm's fee margin) for work performed by team members during the period just completed, plus direct expenses projected to be incurred in the period next approaching. This left it for the final payment to cover only remuneration earned during the period just completed. This composite formula protected the Bank by having it pay remuneration only for services already rendered. Reciprocally, it protected IDC's cash-flow needs by periodically replenishing the direct expenses *float* in advance.

An additional feature of this payment schedule was the agreed late-payments formula. Progress payments were pegged to the Bank's receipt and clearance of key reports; these reports not only covered substantive milestones but also confirmed that allocated person-months of services were being delivered on time. The Bank insisted on this control to ensure satisfactory progress and performance. IDC had no objection to this discipline. However, especially after having received the impression during contract negotiations of what the firm perceived to be a risk of micromanagement by the executing agency, IDC was concerned that detailed Bank review of those reports might delay needed payments. As a safeguard, the firm requested inclusion in its contract of a late-payments remedy supported by financial penalties. The Bank declined this request. Instead it was agreed that, if the Bank should have any questions or objections to a specific report, it should not delay the then-due payment but only put the firm on notice that the next upcoming payment would be at risk unless the issue was resolved in the interim. This gave the firm a grace period without cash flow interruption, and in practice, the formula worked to both parties' satisfaction. (Again, these installment payment amounts were based on a fixed total contract price. The same approach could be adapted to more open-ended budgets by adjusting projected payments to match actual expenses at the end of each progress period.)

Financial Negotiations and Late Payments During Phase II

OPS took over from the World Bank as the UNDP's executing agency supervising our project in the spring of 1992. As such, for phase II of IDC's technical assistance services, OPS became the firm's new contractual client. In that capacity, OPS brought its own procurement rules and contractual expectations to the supervision relationship. In marked contrast to IDC, the FIMC and the UNDP's resident mission, OPS took the position that there was no direct linkage between our project's two phases. The agency therefore considered itself to no degree bound by phase-I precedents or by World Bank commitments or practices.

This attitude immediately manifested itself in OPS's contract negotiations with IDC, particularly with reference to financial terms. To the consultants' surprise and concern, OPS flatly rejected three major provisions that IDC had assumed would automatically be carried over from our phase-I contract:

- OPS declined to sign a fixed-price, lump-sum contract and, accordingly, to agree in advance to set installment-payment amounts. Instead, all direct expenses would be payable only after the fact, by reimbursement of actual expenses and on the basis of detailed supporting documentation.

- The new executing agency challenged the remuneration rate that had previously been paid to IDC's project manager, as well as a cost-of-living increase requested by IDC.
- OPS declined to let IDC bill for project work performed by the firm's home-office personnel, insisting instead that this work be covered by overhead.

To greatly complicate this negotiating impasse, since IDC's project manager and the UNDP's resident representative were both traveling between project phases, communication had to be conducted by telephone and fax (among New York, Paris, Vientiane, and two individuals internationally en route). Moreover, during negotiations, OPS made the first of what would eventually be a half-dozen changes during phase II in its personnel staffing this supervisorial position. None of these individuals had familiarity with the project and few had ever worked on Laos. So discontinuity, unfamiliarity, and loss of institutional memory compounded the potential for misunderstandings.

As in our phase-I negotiations, bargaining compromises by both parties—plus vigorous, timely interventions on behalf of the project by the UNDP's resident representative—eventually saved the contract. (Not, however, before OPS had threatened to open the process to competitive bidding if IDC would not capitulate!) The fixed-price approach was abandoned (although, as in phase I, IDC completed the agreed services within the original budget estimates). OPS accepted the project manager's base rate in exchange for IDC reducing its requested increase. And the parties agreed that IDC's home office could be paid for direct services performed preparing for the then-planned Paris forum but not for reviewing phase II's several required reports.

In the end, the contract was not signed until the end of June 1992, nearly three months after IDC had resumed performance of project services in the field. Our project office was able to keep its doors open (and to sustain crucial institution-building momentum) during this hiatus between contracts only by having recourse to a series of emergency funding measures including a substantial advance from IDC's home office, bridging loans from the UNDP's resident mission and the project manager's personal funds.

Obviously, this is not a recommended strategy for managing technical assistance finances.

Following the signing of IDC's contract with OPS, financial relations between the consultants and the executing agency did not rapidly improve. As a direct consequence of the signing delay, the firm suffered a negative cash-flow even before receiving its phase-II mobilization payment. Subsequently, the time required for IDC to send supporting documentation accompanying IDC's invoices from Vientiane through Paris to New York, for the series of successive OPS contract officers to query those invoices and documents, and for IDC (Paris and Vientiane) to respond to those queries, made for prolonged delays of every installment payment.[15]

There were many victims of these delays. IDC as a firm was deprived of timely receipt of reimbursements and fees. Our FIMC counterparts were more than once deprived of timely per diem payments for international project-sponsored study tours. IDC's project office in Vientiane suffered near-constant aggravation from a depleted local bank account. (The then prevailing lack of international direct dialing to and from Laos, and of smooth local banking procedures for international wire transfers, only made matters worse.) The UNDP's resident mission was forced into an unintended emergency banker role.

With benefit of hindsight, how might these phase-II financial problems have been avoided, relieved, or resolved? Most fundamentally, in retrospect, it seems clear that engaging OPS as phase II's executing agency may have constituted an unfortunate project management mistake. (The decision was the UNDP's, but it was accepted and endorsed by the government, the World Bank, and the consultants.) The World Bank's chief shortcomings as phase-I executing agency had been its perceived tendency to micromanage and its geographic remoteness from the project site. Before the end of phase I, that tendency had mostly disappeared. OPS in no way reduced the distance problem. (To the contrary, as previously noted, no OPS representative ever visited the project during the entirety of phase II.)

The UNDP stood to save the executing-agency fee by bringing the function in-house, but this service charge had already been budgeted for. Leaving OPS aside, if the World Bank seemed not the best choice, perhaps the UNDP's resident mission could have supervised the extension of what all agreed were smoothly operating technical assistance services. The resident mission had already been providing on-site supervision and support during phase I. If the UNDP's resident mission supervision was constitutionally impossible within the UNDP ground rules, direct client supervision (by the government's donor-liaison unit) was another legitimate possibility.[16]

If, on balance, OPS were deemed by the donor and the client to remain the best choice for phase II's executing agency, the UNDP and OPS could have made a more resolute effort to staff this supervisory position with a long-term experienced officer. To be frank, Laos is not a large country in the UNDP's portfolio and so may not attract OPS's most senior supervisory personnel. But for the record, when such an individual *was* finally assigned to this role late in our project's duration, he executed the responsibility with flexibility, timeliness, and cooperativeness, and the project's previous chronic difficulties with its executing agency promptly dropped to virtually zero.

Abandoning the fixed-price contract mechanism was not a serious liability. Since phase II's substantive scope was (happily) much more flexible than phase I's, it would have been difficult for the parties to agree in advance on detailed estimates for all phase-II costs. Denying IDC's home office the right to bill for direct services to the project was, in my professional opinion, a mistaken interpretation of overhead (which conventionally covers only indirect costs). To be fair, since most of IDC's work on our project's reports was performed in the field, and since OPS eventually allowed the firm to bill for work performed by home-office personnel on Paris forum preparations, this issue proved somewhat less significant in practice than the firm had feared. Still, for any small- to medium-sized international development-consulting firm, to be denied legitimate compensation for project services always constitutes a severe financial hardship.

The delay in phase-II contract signing, with its negative cash-flow consequences for IDC, might have been reduced by scheduling face-to-face negotiations (in New York, Paris, or Vientiane) between OPS and an appropriate IDC representative, preferably with the participation of well-informed representatives of the UNDP's resident mission and the client government.

Delayed payments remained a serious impediment to efficient project execution. Solutions in the absence of a fixed contract might have included applying queries prospectively to the next-due installment payment, as under phase I, or letting the UNDP's resident mission clear all supporting documentation in the field (where these personnel were much more familiar with local vendors, charges, etc.) and then telex OPS a blanket authorization-to-pay for each total invoice. If IDC had been larger, its home office might have been able to justify larger, repeat advances to its field operations. Even large consulting firms, however, do not long stay in business if forced to wait months for reimbursement.

TECHNICAL ASSISTANCE ADMINISTRATION AND FINANCE: LESSONS LEARNED AND REAFFIRMED (TABLE 7.3)

Lessons for the Client

Actively participate in any selection of an executing agency by your project donor. This selection will have a profound effect on the quality of donor supervision of the consultants' services. Don't leave this crucial project-management decision for the unilateral discretion of the donor. Before signing the project loan or grant agreement with the donor, inform yourself of the range of available executing-agency choices. What is the donor's customary practice in using and selecting executing agencies? What positive and negative experience has the donor had with different agencies? How flexible is the donor on this issue? Contribute your own experience to this dialogue. Utilize your government's donor-liaison unit to conduct comparative research on this topic.

Encourage your donor to maximize local supervision. Wherever possible, localize the donor's supervisory function within your host country. If your donor has a resident mission, encourage direct supervision by that mission in order to facilitate reciprocal access, communication, and accountability among the client, the donor, and the consultants. If the donor has no local permanent representation, as potential alternatives consider selecting as the executing agency either your own government, the project client, or another development-assistance organization with such local representation. Consider whether this project is a suitable vehicle for strengthening your government's direct-supervision capabilities.

Where foreign-based project supervision seems the best choice, cooperate with your donor during project planning to establish an optimal remote supervision system. Encourage the donor to assign to the project supervisory personnel who know the country as well as the project subject matter and who are likely to remain on the job for the project's duration. Encourage those foreign-based supervisory personnel to regularly visit the project site and to use those visits for collaborative tripartite project management meetings rather than unilateral audits.

When participating in all executing-agency selection and donor-supervision planning decisions, keep your emphasis on supervision quality and practicality. Remember that geographical proximity alone is no panacea.

Take care to ensure that the donor's approach to project supervision does not impair your direct communications with your consultants. For purposes of effective institutional development and know-how transfer, it is imperative that your direct access to the consultants, their findings, and their recommendations not be interrupted or complicated by donor or executing-agency intercession. Even where the donor will be the consultants' contractual client, insist on receiving the consultants' project reports and other work products simultaneously with their submission to the donor. (You are a project owner as well as a host.)

Encourage your donor (or its executing agency) to practice flexible, problem-solving supervision. Insist on a reasonable degree of project-execution flexibility in the consultants' contract, particularly with regard to the timing and contents of individual team members' outputs. Discourage excessive micromanagement by the supervising agency. Recognize that the donor has a legitimate interest in protecting its project investment (whether loan or grant), and in obtaining good value for money from its consultants (when the donor is their contractual client). But exert your influence as project owner to ensure that supervision facilitates the consultants' effective performance of the technical assistance services, rather than interfering with or delaying those services.

Adopt a positive stance on aid coordination. Do not wait for your donors to take the lead in this area. With or without donor initiative and support, insist upon genuine coordination for your government's sake. Project duplications and overlaps are costly, even where donor funding is provided on a grant basis. Scarce resources are misallocated, host agencies and counterparts are overburdened, aid dependency is unnecessarily perpetuated, and cynicism and corruption are tacitly encouraged. Work on coordination both centrally among host agencies and sectorally within each host agency. Insist on persuasive institution-building justifications for every project. Resist and disapprove duplicative or otherwise unneeded projects and components, despite possible host-agency or donor support. Have no illusion: For your government's institutional development, bad projects are worse than no projects. Recognize that, given host agencies' strong incentive to welcome even duplicative aid, effective aid coordination will have to be managed by a centralized donor-liaison agency with unequivocal backing from the highest governmental authorities.

Encourage your donor and consultants to plan, staff, and budget adequately for the consultants' project management and coordination activities. In a large project with multiple long-term expatriate experts or multiple in-country sites for delivery of technical assistance services or both, insist that the consultants' TOR provide for a senior, full-time project manager in addition to the subject-matter experts. Where you and your donor agree on the need for active coordination among the donor's affiliated projects, again plan, staff, and budget adequately for the consultants' effective performance of that function. Insist that this coordination and cooperation actively involve host agencies' leaders and counterparts and does not deteriorate to an expatriate club of consultants' team leaders.

Encourage periodic site visits by your consultants' home-office principals. This exposure should not only serve to better inform the principals about current local conditions, and improve the quality of their backstopping, it should also give your government and host-agency leadership convenient opportunities for impressing upon those principals the significance that the client attributes to this project, and the fact that the whole firm and not just its on-site employees is being held accountable for the quality and timeliness of project performance. Equally practical, personal contacts that you can establish with these same home-office principals during their site visits will prove invaluable to you if and when serious problems should develop between the host agency and the consultants' on-site project manager or other field personnel.

Confirm that your consultants' contract contains adequate standards and procedures for correcting serious misconduct by their field-team staff. Those provisions should embrace discipline and, if necessary, removal and replacement of an offending individual. Make sure that these standards maximize the client's flexibility regarding breadth of grounds, and that the procedures ensure speed of corrective action to be taken by the consultants. Insist that the consultants bear the costs of removal and replacement where they are at fault. Ensure that the replacement candidate must have comparable or superior qualifications to those of the removed individual and must be approved in advance by the client. All of these client protections must be in place whether or not your government is directly a party to the consultants' contract. (That is, even if the contract is with the donor, the client as well as the donor must be protected.)

Attempt to facilitate smooth financial relations between your donor and consultants. As a general guideline, recognize that your donor, its executing agency (if any), and your consultants are all likely to consider money matters to be a top priority, even where grant funding may make those matters less crucial for your government. Get actively involved in project and contract budget planning, even if you are a direct party to the consultants' contract. You can bring unique local information and insights to the planning process and will be profoundly affected by the project implementation consequences of financial decisions.

If feasible, participate in the consulting contract negotiations, either as a direct party or as a vitally interested observer who will be the consultants' operational client. Exploit this presence and participation to become thoroughly familiar with all financial details including rates, overhead and profit multipliers, estimated expenses, contingencies, and so forth. This information will not only be relevant to your management of the immediate project, it will also strengthen the host agency's capacity to directly execute future contracts and projects.

In those negotiations, encourage the donor and consultants to structure the contract's financial terms to maximize the quality, feasibility, and effectiveness of the consulting services. Encourage the donor not to squeeze too hard and both parties to retain contractual flexibility commensurate with inevitable local delays and redirections. Accordingly, include adequate contingency allowances and reasonable procedures for reallocating unspent funds among budget line items. Raise the level of the financial deliberations by informing both parties of prior local contract experience (for example, with regard to costs of locally procured goods and services). Conversely, look to the donor for validation or challenge of the consultants' proposed international rates and charges.

With this same objective in mind, encourage your donor and your consultants to consider including performance incentives in the contract's financial terms; for example, bonuses may be payable to the consultants for superior performance, and cost-sharing may be allowed by the consultants for extended services required to correct and complete initially unsuccessful know-how transfers.

Lessons for the Donor

Deliberately structure your executing-agency arrangements to facilitate the institutional development of your project's host agency. Since project supervision is an essential technical assistance management skill, consider exploiting the executing-agency function expressly as an institution-building opportunity and conduit. Your organization has internal requirements and procedures for supervising the project. Obviously these must be honored and implemented. However, performance of this supervision can simultaneously be used to strengthen the client government's capabilities. If the government is already deemed capable by mutual client and donor consent to directly execute project supervision, then in the interests of all parties it should be encouraged to do so. If the government is competent but lacks total confidence, perhaps your organization or its executing agency can provide some backstopping support. If your organization has permanent representation within the host country, your resident mission should make it a priority to build the requisite supervisory skills within the host government to incrementally sponsor appropriate on-the-job and overseas training. Depending on the national government structure and your organization's sectoral emphasis, this supervisory capability might be engendered in a standing unit of the government's central aid-coordination authority or in a number of key sectoral ministries or other host agencies. Your organization and the project consultants are working for the benefit of the client government. A strong client, actively and capably involved in project supervision, is a technical assistance management resource definitely worth nurturing.

Encourage effective coordination of, and communication among, your affiliated projects. Both during project planning and implementation, encourage a serious tripartite commitment and concrete steps to facilitate synergistic coordination and managerial cooperation among your affiliated projects, whether the mechanism adopted is some formal *umbrella* program or merely informal operational contacts. Adequately staff, budget, and schedule for centralized coordination of the affiliates on a program-wide basis. Design the process to maximize benefit and reciprocal self-interest for each participating project. Establish the basic framework and then let the participating project managers develop the priorities and procedures for mutual convenience. Strongly encourage participation of senior client counterparts as well as expatriate managers. Subject to legitimate host-government concern for confidentiality, encourage host agencies and consultants to promote and participate in the free flow of information among your affiliated projects.

Lessons for the Consultants

Make every attempt to facilitate effective project supervision by your donor (or its executing agency). Recognize that effective supervision is in your firm's best interests, as well as the donor's and clients; and, equally, that ineffective supervision can seriously impede your ability to deliver your best technical assistance services. When preparing your proposal and again during contract negotiations if that proposal is accepted, fully inform yourself of the applicable project-supervision and executing-agency mechanisms that have been selected for this project by the donor and client. Your firm will almost never get involved early enough in project planning to influence this selection. However, it may be possible during negotiations to influence details of reports to, and support from, the supervisory authority. In particular, you should argue against any proposed supervision procedures that attempt to interpose an overseas executing agency between your project field office and its local host agency. Wherever contract supervision is to be based abroad but the donor has permanent local presentation, cultivate strong and cordial working relationships directly with the donor's resident mission. It may prove one of your most potent allies in facilitating effective project execution.

Insist on adequate contract resources for effective project management and coordination by your firm. Look, in particular, for adequate staffing and budgeting provisions in your TOR and consulting contract to support an effective level of effort of on-site project management by your field team. Beware of donor or client proposals to assign this crucial management function as an add-on to one of your resident/advisor positions already having a full technical scope of work (and different professional qualifications).

Similarly, where your firm is contractually required to coordinate affiliated projects within an integrated donor program, insist during contract negotiations that this added responsibility be acknowledged by the donor and client as a potentially substantial undertaking, not a mere incidental that can be automatically administered in your project manager's spare time. Insist that the allocated resources must match the expected level of effort. In addition, request the donor and the client to formally notify all of the other host agencies and consulting firms under the affiliation umbrella of your firm's official appointment as program coordinator and of the expected participation obligations of the affiliates.

Encourage appropriate cofinancing joint ventures with other project donors. Your donor and client have an equal interest in this area. But in practice, your project office may be most likely to discover appropriate opportunities and partners. As criteria for appropriateness, look for a congruence of interests, realistic prospects for synergy, injection of useful supplemental resources, an absence of negative downside side effects, and a manageable administrative burden on your project, host agency, field team, and counterparts.

Plan, staff, and budget adequately for competent local translation and interpretation services. Wherever your expatriate field personnel, local project office staff, and host-agency counterparts are not all fluent in the same language, take very seriously the need to provide high-quality, readily available translation and interpretation services. If your TOR do not adequately deal with this necessity, promptly alert your client and donor, and make sure your contract corrects this oversight. If appropriate, encourage that the client use the project to train host-agency personnel for in-house permanent translation and interpretive services. Take particular care to recruit translators and interpreters with adequate technical competence and who also enjoy your host agency's total confidence. Protect yourself against inadequate or untrustworthy local interpreters, especially when you are conducting confidential advisory services.

Never underestimate the importance of competent local personnel to staff your project field office. Outstanding project office support staff can be as valuable to you as outstanding expatriate experts. Inadequate local personnel can undercut the effectiveness of the most talented expatriate team. Recruit the best available local talent. Pay them generously but not at levels likely to provoke ill will in your host agency or other projects. Train the staff. Give them recognition for excellent work. And since projects are short-term employment with no long-term residual benefits, make the effort, even when other project-completion obligations are all-consuming, to help the staff to find worthy follow-up placements. Failing to do so may leave them less well off than if your firm had not employed them in the first place.

Learn as much as possible, in advance of contract negotiations, about your donor's approach to money matters. With regard to money matters in general and financial negotiations in particular, do not forget that each donor and executing agency has its own institutional culture and style, traditions and expectations, rules and rates.[17] Each executing agency is a different entity entitled to consultants' respect on its own terms.

When proposing remuneration rates for your international experts, be prepared to support those proposals with appropriate data. In my consistent experience, donors' contract officers tend to be fiscally conservative, unimpressed by consultants' claims about the high cost of living or hardship posts, and more interested in justifying rates internally within their organization if and when challenged by direct superiors. Given this predisposition, evidence of comparable rates recently approved by this same organization is invaluable. Similar evidence from other donors is less persuasive but also relevant. If these rates were paid to the same specific team members rather than merely to other allegedly similar experts, that is obviously also preferable. In all cases, your firm's safe assumption in this area of financial negotiations can be that the donor representatives will initially be unsympathetic and skeptical.

Maximize offshore payments. In any project where host-government foreign-exchange reserves are inadequate or repatriation of foreign-exchange earnings is restricted (which may realistically include most technical assistance projects on which your firm is likely to be working), insist on offshore payment in appropriate hard currencies. With no discourtesy intended to your host-government client, this protection should be applied regardless of whether your contract is with the donor's executing agency or directly with the government, and regardless of any host-government undertaking to exempt your firm and its resident expatriate personnel from host-country income taxation.[18]

Attempt to protect yourself in advance against late payments. Encourage your donor to deal forthrightly with this risk in your contract. Available mechanisms to be considered include, for example, a fixed-price contract structure, prompt contract signing coupled with an adequate mobilization payment, a grace period for resolving donor queries about your project invoices before suspending payments, in-country approval of supporting documentation to reduce international communication delays, and an agreed penalty formula to compensate your firm for prolonged payment delays.

Keep your project field office solvent. When negotiating payment schedules and again when performing project services, focus on the time needed to get operating funds actually in the hands of your project field office, not merely in your firm's headquarters bank account. Keep your field office solvent. Vientiane is a long way from Paris. So are most other Third-World project sites. If necessary and appropriate, request your host-government client to instruct local banking authorities to facilitate international transfers. Pay particular attention to the timing and adequacy of transfers that will be needed to pay local costs of project-sponsored events and foreign-currency per diems of project counterparts traveling abroad on study tours or other project-sponsored missions. Not only is this only fair to your counterparts; it may also enhance the host government's interest in your field-office solvency concerns.

Table 7.1 Working relationship between the donor agency and its executing agency in the two different phases of the UNDP Lao Foreign Investment Advisory Project

Phase I	Phase II
The UNDP resident mission	
In the background. Little or no direct involvement in project supervision (substantive of administrative).	In the foreground. Lead responsibility for substantive supervision and ongoing on-site administrative support.
The executing agency The World Bank: Lead responsibility for project substantive supervision and administrative support. Planned the project and drafted the consultants' TOR. Negotiated and signed the consultants' contract. Made quarterly site visits. Received, approved, and distributed the consultants' reports. Disbursed payments.	Extremely limited involvement. Negotiated and signed the contract extending the consultants' phase-I services, and disbursed payments. No site visits, substantive supervision, or administrative support.

Table 7.2 Phase I's installment payment mechanism

Payment title and timing	**Costs covered**
Mobilization payment (upon contract signing)	Direct expenses projected to be incurred between contract signing and the first progress payment.
First progress payment (after agreed interval and upon bank receipt and clearance of the consultants' first report)	Remuneration (including fee margin) earned for work performed during the period just completed; plus direct expenses projected to be incurred in the period next upcoming.
Second progress payment...	Remuneration plus direct expenses...
Third progress payment...	Remuneration plus direct expenses...
Etc.	Etc.
Final payment (upon bank receipt and clearance of the consultants' terminal report)	Remuneration (including fee margin) earned for work performed during the period just completed.

Table 7.3 Technical assistance administration and finance: lessons learned and reaffirmed

Lessons for the client

- Actively participate in any selection of an executing agency by your project donor.
- Encourage your donor to maximize local supervision.
- Take care to ensure that your donor's approach to project supervision does not impair your direct communication with your consultants.
- Encourage your donor (or its executing agency) to practice flexible, problem-solving supervision.
- Adopt a positive stance on aid coordination.
- Encourage your donor and consultants to plan, staff, and budget adequately for the consultants' project management and coordination activities.
- Encourage periodic site visits by your consultants' home-office principals.
- Confirm that your consultants' contract contains adequate standards and procedures for correcting serious misconduct by their field-team staff.
- Attempt to facilitate smooth financial relations between your donor and consultants.

Lessons for the donor

- Deliberately structure your executing-agency arrangements to facilitate the institutional development of your project's host agency.
- Encourage effective coordination of, and communication among, your affiliated projects.

Lessons for the consultants

- Make every attempt to facilitate effective project supervision by your donor (or its executing agency).
- Insist on adequate contract resources for effective project management and coordination by your firm.
- Encourage appropriate cofinancing joint ventures with other project donors.
- Plan, staff, and budget adequately for competent local translation and interpretation services.
- Never underestimate the importance of competent local personnel to staff your project field office.

Table 7.3—*continued* Technical assistance administration and finance: lessons learned and reaffirmed

- Learn as much as possible, in advance of contract negotiations, about your donor's approach to money matters.
- Maximize offshore payments.
- Attempt to protect yourself in advance against late payments.
- Keep your project field office solvent.

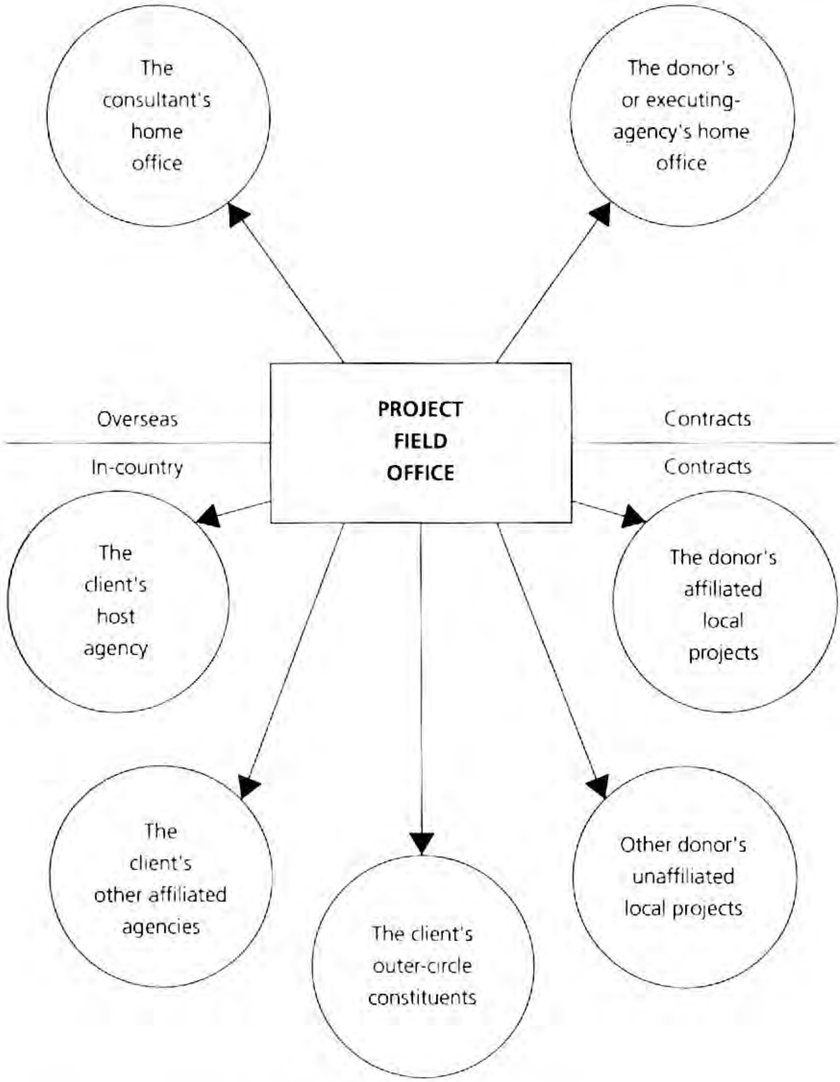

Figure 7.1 A representative project coordination network

NOTES

[1] The respective roles of project parties and interest groups were introduced in Chapter Four, page 74.

For a comparable analysis of coordination functions and entities, see Gow, *Collaboration in Development Consulting*, p. 11:

> [T]here are usually three overlapping dimensions of coordination: information sharing, resource sharing and joint action—all of which can be applied to the goal of collaboration in development consulting, the bottom line of which is usually the desire to influence individuals, groups or institutions...such collaboration operates at four levels: within the [consultants'] team, with the donor agency employing the team, with the national [host-agency] institution responsible for implementing the proposed program, and, particularly with long-term consulting assignments, the local population, the potential beneficiaries of the proposed development intervention.

[2] See page 85.

[3] To further strengthen managerial and operational coordination between a consulting firm's home and field offices, Gow recommends a *management team* strategy (pp. 84-85). Key elements of this recommended relationship include:

(1) A chief of party [i.e., on-site project manager] having a long-term commitment (preferably as a permanent employee) from the consulting firm;

(2) A home office having management staff with development experience and capability who can review the progress of the project, provide short-term assistance on a regular basis, conduct evaluations and contribute to the development of project strategy;

(3) Home-office and field-office staff who both agree on a prevailing development approach that provides a unifying theme for undertaking the project; and

(4) A donor, client, and firm which all recognize that development involves changes, some of which are unpredictable and unprogrammable early in the project.

Writing from the perspective of a former chief of party or project manager, Gow perceives three distinct advantages of this management-team strategy. First, regular field visits by home-office personnel can provide needed psychological support to the field team in general and the chief in particular. Second, a chief that is a permanent staff member of the firm may feel more secure in expressing candid opinions to home-office management without fear of censure. Third, the home office can furnish short-term specialists who are known commodities field-tested in prior projects. *Ibid.*, p. 100.

He concedes, however, that no strategy, this or another, is likely to resolve other intrafirm coordination issues including the chief's degree of authority and delegation (vis à vis home-office oversight) and the chief's optimal managerial allegiances, among the array of interested potential principals including the field team, the project, the home-office, the host agency, or the donor or its executing agency, p. 85.

[4] See Table 1.1 and the accompanying text. The affiliates were Privatization, Customs & Tax Reform, Commercial Legislation, and Socioeconomic Statistics. Of these, Customs and Tax Reform and Commercial Legislation, like Foreign Investment, survived into a second phase. Privatization was canceled and Statistics transferred to Swedish bilateral sponsorship.

[5] IDC had won the phase-I contracts for both the foreign investment and the privatization projects.

[6] In its phase-I foreign investment project contract negotiations, IDC had foreseen this problem and expressed concern, but without success. The financial constraints that controlled this issue are discussed in page 241.

[7] To illustrate this tenacity, here is an extreme but not atypical incident that occurred. A consulting colleague of mine was engaged by a major donor agency to visit a developing country to conduct a preliminary intervention laying groundwork for a major policy study. When doing brief predeparture research, he stumbled across the fact that another firm, financed by another donor, had completed an identical study for the same host-government client within the past six months. Alarmed and confused, he immediately brought this duplication to the attention of his donor-agency project officer. The officer revealed that he and his agency had been totally unaware of the precedent. Nevertheless, he encouraged my colleague to come ahead to the field, as scheduled, and merely to utilize the competing report as *raw material.*

Obviously, in this case the host-government client had been aware of the previous study when it accepted donor funding for the duplication. What could have been the host-agency's motivation? Why had the host agency withheld such relevant information from its second donor? Was it dissatisfied with the earlier study and seeking a second technical opinion? Was it hoping to acquire additional equipment, travel, and training? Was it attempting to satisfy the second donor's perceived interest in sponsoring new projects?

As for the second donor, assuming that its project officer was not being disingenuous when assuring my colleague that the donor had not known about the prior study, now that it *was* put on notice, how could it justify pressing ahead with a blatant duplication?

This form of donor and client conduct rightly provokes skepticism and indignation among observers and critics of development assistance in general and technical assistance in particular.

[8] Three outstanding examples were the Asia Foundation's country director for Laos, the Australian ambassador to Laos, and the UNDP's resident representative in

Vientiane—all dedicated, innovative, and flexible individuals quick to grasp mutual benefit inherent in cofinancing.

[9] See, for example, page 240.

[10] As an aside, some years ago I was engaged by a multilateral donor to evaluate the performance of forty-seven teams of consultants working within an omnibus technical assistance program. Surprisingly, the single factor identified by the client decision-makers, counterparts, *and* consultants as most conducive to these consultants' technical assistance success was cross-cultural sensitivity. This message was received most coolly by the sponsoring donor since sensitivity *did not compute* in the donor's recruitment data bases.

[11] One structured technique for team building that we did not employ in our Lao project is an organized on-arrival exercise. This can be especially useful for integrating and mobilizing groups of independently recruited short-term specialists from different disciplines who will be expected to collaborate closely and intensively in producing a project study or other product. The exercise can be utilized by the consulting firm and project manager to accomplish a combination of objectives: for example, to review how individual tasks should serve a common framework, to answer individual team members' last-minute questions, to brief them on local conditions (especially within the project and host agency), to build enthusiasm, empathy, and esprit de corps, to gain an appreciation of individual members' strengths (and weaknesses), and to detect and address potential problems and hidden agendas. A typical two-day exercise might cover the following core topics: the assignment's background, client, and counterparts; analysis of the scope of work; definition of the end product(s); agreement on key team issues; and development of a detailed workplan. Ample time should also be devoted to getting acquainted with fellow team members and with the team leader (the project manager). See, e.g., Gow, *Collaboration in Development Consulting*, pp. 11-12.

By extension and analogy, recall the project-launch workshop recommended for consultants and counterparts in Chapter Four, page 92. Such a workshop could be usefully conducted immediately following the consultants internal exercise.

[12] This informal facilitation greatly benefited from our having organized a project-launch workshop.

[13] In addition to the national language, this person needed spoken and written English skills in order to interact with IDC's expatriate team, and also French to read older government documents.

[14] For example, if the total grant was $1,000,000, of which $800,000 was budgeted for consultants' services, $100,000 for the executing-agency's fee and $100,000 for miscellaneous host-agency costs falling outside the consulting contract, then the announced budget estimate for consulting services might have been set at $700,000,

with the $100,000 differential reserved for executing-agency concessions during contract negotiations and for unanticipated additional services to be mutually agreed during project execution. This approach would not by itself resolve differences between the executing agency and the firm with regard to the required quantum of services or fair rates for those services. But it would reserve funds for paying the bill if that resolution exceeded the announced budget estimate.

[15] On the worst occasion, a memorable project nightmare, payment of a $130,000 IDC invoice was delayed several weeks until an OPS contract officer finally agreed that several minor project office expenses under $200, which under the contract did not require supporting documentation in order to earn eligibility for reimbursement, should not lose that eligibility merely by being grouped in the invoice under a composite "miscellaneous office expenses" line item.

[16] In fact, as an extension of in-progress services by a known consulting firm for a locally represented donor, phase II might have been an ideal candidate for utilization by the government and the UNDP as a low-risk vehicle for strengthening the government's direct-supervision capabilities. See the subsection of this chapter beginning at page 221.

[17] With hindsight, IDC might have avoided or at least mitigated many of its difficulties with OPS in our Lao project if we had done more advance homework on that executing agency's preferences and practices. Instead, we probably contributed to our own problems by simply informing OPS how the World Bank had handled financial issues during phase I of the Lao project, and by implying that OPS was bound to follow that precedent.

[18] This was not an issue for IDC in our Lao project but is nevertheless a fundamental lesson for all international development consultants. The recommendation does not apply with equal force where the consultants' home office is located within the host country, although even in that situation a case might be made for offshore payment where the consultants' contract were with an overseas donor.

CHAPTER EIGHT

EVALUATING TECHNICAL ASSISTANCE

Sample Criteria for Evaluating Consultants' Performance and Impact

- Achievement of the technical assistance project goal or objectives
- Timely submission of required inputs
- Timely production of required output
- Direct impact on host-institution capabilities
- Attributable influence on that institution's own enhanced "environmental impact"

GENERAL PRINCIPLES AND PROBLEMS: ASKING THE RIGHT QUESTIONS AND ELICITING RELIABLE ANSWERS

Technical assistance for institutional development is invariably time consuming. It is difficult to plan, design, and execute. Its interventions can be highly intrusive for a host agency, especially if they require the participation of the agency's permanent staff in counterpart relationships and technology transfers. It is a high-cost proposition for a donor and client and a high-risk proposition for a consulting firm.

A professional service so potentially problematic must offer commensurate benefits to justify those high costs and risks. If those benefits are to be credible and convincing, they must be demonstrable and demonstrated. How can a donor or client confirm that a past or future intervention is worth the investment (in time and trouble as well as funds) except by measuring its positive impact? That measuring is technical assistance evaluation.

But if measurement is the challenge, how can it best be met, especially in a *soft* area of technical assistance like institutional development, where the services being delivered are mostly advisory and the know-how being transferred is mostly managerial?[1]

What standards are appropriate for evaluating the consultants' performance and impact? The following criteria are illustrative:

- Achievement of the project goal or objectives;
- Submission of required inputs (especially in terms of person-months of services);
- Production of required outputs (e.g., action plans, reports, draft legislation, training events, host-agency publications, conferences, etc.);
- Direct impact on host-agency capabilities in terms of organizational development (structures, systems, and procedures), human resource development (permanent staff knowledge, skills, and attitudes) or both; and
- Attributable influence on that host agency's own enhanced environmental impact.[2]

Likewise, a variety of techniques and indicators are available to the client and donor for assessing a project's satisfaction of these criteria. For example:

- Analysis of the consultants' periodic progress reports;
- Continual monitoring of the consultants' progress and performance (by the client, the donor, the donor's executing agency, or a combination of these entities), including regular site visits if the supervising organization is based abroad;
- Periodic formal project audits by independent evaluation teams engaged by the donor;
- Joint midpoint or precompletion project evaluations by the client and donor (and perhaps also the consultants);

- Specific performance tests to confirm know-how-transfer success or sustainability or both;
- Informal (generally retrospective) assessments of project achievements and benefits by key principals of the three parties involved (the client, the donor, and the consultants);
- Before-and-after surveys of indices of project impact, internally in terms of institutional development, or externally in terms of the host agency's operating environment, or both.

Each of these standards and each of these measuring techniques has strengths and weaknesses, advantages, and disadvantages. The UNDP Lao Foreign Investment Advisory Project can again usefully be examined, this time to illustrate how evaluation principles can be put into practice.

ACHIEVEMENT OF OBJECTIVES AND OUTPUTS: SATISFYING THE CONSULTANTS' TERMS OF REFERENCE

One core criterion for evaluating the success of any technical assistance project is the degree to which the consultants accomplished the job they were engaged to perform. In the case of our project, that job was defined by IDC's TOR in terms of an overall project objective, required major outputs, and detailed suboutputs or activities.

The Overall Objective

For both phase I and phase II, our project's overall objective was expressed as "...facilitating the flow of economically beneficial direct foreign investment [into Laos]." This formulation had two virtues. It reminded all three parties that, ultimately, one goal of this technical assistance was to help increase the volume and value of new foreign investment entering Laos. In other words, at the end of the day, after all the training and all the experts' missions had been completed and paid for, one test would be whether or not foreign investment was in fact increasing. The companion point was that not all foreign investment would be equally welcome. By emphasizing *economically beneficial* investment, the objective was signaling that investment quality and value added would be additional requirements for technical assistance success.

Unfortunately, this formulation of the project's overall objective suffered from some offsetting defects. The objective failed to expressly mention institutional development of the FIMC, although the required outputs for both phase I and phase II made it clear that this project was intended primarily and even exclusively as an institution-building intervention. The consultants' mission, in short, was not to increase foreign investment by ourselves but to help strengthen the FIMC so that the FIMC could increase that investment. By the same token, it would have been desirable for the objective to mention sustainability, in order to emphasize that the required institutional development was intended to be residual and not merely contemporaneous with the consultants' presence.

A second conceptual defect of this overall objective was that it implied a direct cause-and-effect relationship could be traced between the technical assistance services and the quantity of new foreign investment. That implication was excessive. A hundred factors would directly influence prospective investors' decisions to seek Lao foreign investment licenses, and another hundred the government's decisions to grant or deny those licenses. To credit the project as a direct cause of increased investment flows would be speculative.

For this same reason, the project's achievement of the objective, in the form stated in IDC's TOR, was not measurable. It *is* possible to compare the number and value of foreign investment licenses that were granted by the FIMC during the project's tenure with those that had been approved before project commencement.[3] Additionally, it is possible to highlight unprecedented major investments made during that period by world-class multinational corporations, investments that promise great economic benefit to the government. This record is undeniably impressive. It is also legitimate to attribute some large measure of investors' new enthusiasm to Laos's improved investment climate, as enhanced by the project-facilitated strengthening of the government's foreign investment management system, especially since firms have unstintingly praised the reforms. Going beyond that, however, it would not be convincing to attempt to quantify the project's specific contribution to these welcome macroeconomic developments.

In sum, our Lao project's overall objective receives mixed reviews. It did well to link the specific technical assistance services to broader economic development goals. But it failed to emphasize the project's intended institution-building purpose or to articulate measurable standards of achievement.

The client and the donor share credit for this positive linkage; all three parties must share responsibility for the objective's missed opportunities.

The Consultants' Outputs and Activities

Both sets of TOR under our Lao project (i.e., for phase I and phase II) prescribed major outputs and subordinate activities for the consultants that helped to correct several of the defects in the project's overall objective previously noted. These requirements were specific, measurable, and legitimately attributable to the consultants.

Table 8.1 summarizes phase I's required outputs and component activities and evaluates the degree to which this intended work was in fact performed. As indicated by the table, by the end of phase I, almost all of the originally proposed services had been fully executed. The IDC Baseline Report identified primary remaining barriers to foreign investment and proposed a strategy for their reduction. Our proposed action plan for strengthening the government's foreign investment management system had been approved and adopted by the FIMC. The *Foreign Investment Policy Guidelines* had been formulated and published. Serious technical-level work on revision of the original Lao foreign investment legislation was steadily progressing. The rendering of policy advice to the minister directly responsible for ongoing foreign investment management had been systematized. One negotiation skills workshop and three in-service seminars on investment management, policymaking, and promotion had been conducted. Two counterpart study tours to Malaysia and Indonesia had been organized and escorted. The FIMC Permanent Office's investment-promotion division had been reorganized and staffed. The Investors' Service Center had been established and equipped with cofinancing resources. A semiannual FIMC investment-promotion journal had been launched and funded. A standard license application form had been drafted and introduced. Advisory assistance to FIMC negotiating teams had been rendered in the mining and manufacturing sectors. An official Lao delegation's participation in the Asian Development Bank-sponsored Bangkok Forum on Lao Investment Opportunities had been facilitated. In addition to the preceding institution-building activities required by our TOR, IDC had coordinated the five affiliated UNDP macroeconomic projects and administered our own project.

By the end of phase I, of all the activities enumerated in our TOR, only the strengthening of Permanent Office monitoring capabilities had not yet been addressed. In addition, the government had not yet adopted the consultants' proposed legislative amendments, implemented many components of our proposed investment-promotion strategy, or sufficiently strengthened its capacity to negotiate major investment contracts. In sum, to borrow vocabulary from earlier chapters of this case study, our project client's know-how-transfer needs had been jointly assessed, several appropriate technology instruments had been introduced and adapted, trial operation of the new technology had commenced, but the know-how-transfer process had not yet been secured to a degree sufficient to support sustainability.

Accordingly, phase II was jointly conceived and designed—by the client, the donor, and the consultants—to extend and reinforce this transfer process. For this phase, three substantive outputs and one logistical output were prescribed in IDC's new TOR:

- Consolidating the management system strengthening initiatives that had been started, but not completed, during phase I;
- Expanding that system's scope and impact, both domestically and internationally;
- Enhancing FIMC and Permanent Office capabilities to independently sustain effective operation of the system following project completion; and
- Maintaining project administration and finance.

Table 8.2 indicates the subordinate activities that the consultants were expected to conduct under each of these chief phase-II outputs and the degree to which that intended work was in fact performed. Once again, as in phase I, nearly all the originally contemplated tasks were initiated, and most of these were completed. Ongoing confidential policy advice was rendered to key FIMC leaders. Collaborative work on legislative revision culminated in the National Assembly's formal adoption of a new foreign investment law and FIMC formulation of the implementing decree. FIMC and Permanent Office structures and procedures were streamlined and simplified. Actual-cases advising and journal publication continued. The FIMC's operational links with key line agencies of the national government and with provincial and municipal authorities were strengthened through project-facilitated legislative reform, joint sectoral conferences, and training courses.

The Sydney Forum, the Tourism Investment Conference, and the Agribusiness Investment Conference were organized, cofinanced, and conducted. An FIMC audiovisual presentation was produced.

In addition to these activities prescribed by IDC's phase-II TOR, extra project initiatives and work products generated during this phase included organizing and financing two international study tours for the FIMC Permanent Office's monitoring division chief, facilitating the inaugural meeting of the Lao (public sector and private sector) Coalition for Responsible Tourism, drafting standard-form Lao mineral investment contracts, drafting and publishing official FIMC English-language translations of the new legislation, and drafting a new FIMC promotional tool, *An Investor's Guide To Doing Business In Laos.*[4]

The chief planned phase-II activity that was not conducted under project auspices was the Paris forum for prospective European investors. After many delays this event was eventually convened in November 1993 but without UNDP cosponsorship. Overseas training for an FIMC in-house translator-interpreter was dropped from the project agenda at the government's request when no qualified candidate could be identified and spared. The originally contemplated Provincial Outreach Seminars were replaced by the previously mentioned integration of provincial and municipal officials into Vientiane-based conferences and training courses.

The planned short-term specialist's intervention to assist the FIMC Permanent Office with establishment of a computerized investment-monitoring database was conducted, but the recommended software package proved inappropriate and its introduction unsustainable. The Permanent Office accordingly elected to cut short this know-how transfer and to fall back to a locally developed manual monitoring system that it elected to implement without the consultants' assistance.

It should be reiterated in this evaluative context that the timing of IDC's phase-II services was much delayed and extended. In December 1994, final project work on the decree translation and the investor's guide remains unfinished, pending Council of Ministers approval of that new legislative measure. Phase-II completion was at least eighteen calendar months behind schedule and we had not yet finished. In consolation, the intermittent project services that were performed during the extended period were all accommodated without overruns to the original phase-II contract budget.

To conclude this recapitulation of our Lao project's satisfaction of the consultants' TOR, over the course of two phases and thirty-one and one-half working months of technical assistance services, five main contractual outputs were totally produced and four were mostly produced. A total of twenty-seven component activities were completely performed, seven mostly so, and one task (overseas training of an FIMC interpreter) was unperformed. By this evaluative standard, the project was unusually successful.

Bear in mind, however, that when consultants' input and output are adopted as criteria for technical assistance evaluation, they tend to measure what the consultants did more than how the host agency or counterparts benefited from what the consultants did. Our Lao project's considerable shortcomings in promoting sustainable know-how transfer have been acknowledged throughout this case study. Those shortcomings are reflected in the *partly performed* ratings given to activities appearing under Table 8.2's enhancement output. But that reflection can get lost in the larger roster of totally performed outputs and activities. This limitation of input-output measurements is important to recognize when evaluating any institution-building technical assistance. To make the point another way, measuring consultants' performance of required inputs and outputs is a necessary but insufficient evaluation technique.

FORMAL PROJECT AUDITS AND TRIPARTITE MEETINGS

Two standardized technical assistance evaluation techniques routinely utilized by the UNDP are formal project audits by specially recruited, independent evaluation teams and tripartite meetings of the project client, donor, and consultants. Both were employed to evaluate our project. A summary and analysis of these official interim evaluations provides a sense of how our project appeared to be doing at the time, both to independent outsiders and to its principals.

The Phase-I Evaluation Mission

A three-member independent evaluation team audited our project and its four UNDP macroeconomic program affiliates in October of 1991. The team was in-country for five weeks in all, interviewing client, donor, and IDC personnel and digesting all pertinent documents. The dual objectives of their mission were to analyze and to assess the five projects' progress and to identify appropriate activities (i.e., projects and initiatives within projects) to continue into a second phase.

With particular reference to the UNDP Lao Foreign Investment Advisory Project, the evaluators made three findings and four recommendations. Their findings were as follows:

- The client's and donor's desire for numerous early consultants' outputs (as recorded in the TOR), were irreconcilable with feasible know-how transfer, sustainable institution building, and the host agency's absorptive capacity;
- The consultants demonstrated strong diagnostic and prescriptive skills in IDC's baseline report and the FIMC Action Plan; and
- The consultants made a strong beginning on facilitating the restructuring of and introduction of new regulatory procedures for the FIMC's Permanent Office.

The mission's recommendations, in turn, were as follows:

- For the executing agency to reduce its micromanaging (an area in which the evaluators found that improvement was already well along);
- For the project to give more emphasis to enhancing FIMC investment-promotion (i.e., in addition to regulation) capabilities;
- To continue all phase-I project activities into a second phase, since the FIMC could not yet sustain these initiatives independently; and
- To expand the project's phase-II scope to service domestic investors as well as foreign investors.

The evaluators took no position on the issue of whether to continue the World Bank's services as executing agency during phase II. However, by actively investigating this question during their field inquiries and then expressly mentioning it in their report, they in effect put it on the table for the client's and donor's formal consideration when planning that phase. For the client, the donor, and the consultants, this evaluation served primarily as an endorsement for extending IDC's services into a second phase, a decision already tacitly agreed upon. So, for us, the mission was not so eventful, although an independent ratification was reassuring.[5] For other projects under the UNDP's program umbrella, however, the mission's negative evaluations contributed to eventual decisions not to sponsor a second phase. Therefore, the evaluators' potential influence was considerable.

As a brief final comment on this phase-I evaluation exercise, all three parties—the client, the donor, and the consultants—tried to dissuade the mission from recommending phase-II services for domestic investors. IDC's host agency, the FIMC, was expressly prohibited under Lao law from dealing directly with those investors (except in joint ventures with foreign firms), so our project's scope was similarly foreclosed. To us, this incident illustrated the risks of bringing in short-term outside evaluators to pass judgment on complex institution-building interventions. Their disinterestedness can be indisputably refreshing. However, their lack of local or institutional orientation may make some of their recommendations inappropriate or infeasible to implement.

The Phase-II Tripartite Review

Our project's phase-II tripartite review meeting was convened in mid-May 1993 by the government centralized donor liaison department within the Committee for Planning & Cooperation. As IDC's project manager, I attended, as did the director of the FIMC Permanent Office, the UNDP resident representative, and several Permanent Office and UNDP colleagues. Since phase II had originally been intended to conclude two weeks previously, in addition to reviewing progress and evaluating project quality, the focus of the meeting was to consider the merits of extending the completion date and continuing the technical assistance services.

On behalf of the FIMC, the director expressed strong client support for, and appreciation of, the project. The director attributed progress delays chiefly to protracted government reorganization and consequent postponement of adoption of the new foreign investment law. On behalf of the project office and IDC, I seconded that assessment and added that, from the project office's perspective at least, the delays had actually relieved the pressures of an exceedingly ambitious phase-II agenda, consequently improving prospects for delivering quality services.

The UNDP's resident representative characterized the project's overall performance as outstanding. She emphasized that, while normally the UNDP would recapture and reallocate unspent end-of-project savings, in light of the uniformly acknowledged significance of this project and the government's enthusiastic support, the donor was willing to leave the balance in the project budget in order to finance the extension and completion of services.

The three parties agreed to concentrate the extended technical assistance services on six items of unfinished business: assisting the government to finalize adoption of its new foreign investment law and decree; following that adoption, conducting a training workshop for project counterparts on administration of that new legislation; drafting and publishing the investor's guide; drafting standard-form mineral investment contracts and conducting a training workshop for project counterparts on use of those contracts; drafting and publishing the June 1993 edition of the FIMC's semiannual investment-promotion journal; and completing establishment of an effective FIMC investment-performance monitoring system.[6]

With regard to areas of FIMC management activities likely to require additional future technical assistance—that is, beyond completion of the present project—in order to secure sustainability, the parties agreed on the following four priorities:

(1) Continuing to strengthen and supplement FIMC capabilities in negotiating major investment contracts;

(2) Continuing to strengthen Permanent Office monitoring procedures;

(3) Providing appropriate in-service training for new recruits to staff the anticipated expansion of the Permanent Office; and

(4) Engaging professional editorial assistance to help sustain publication of the FIMC's semiannual investment-promotion journal.

The UNDP offered to cooperate with the FIMC in identifying potential sources of development-assistance financing to support these remaining institution-building needs.

There are a number of observations to be made about the evaluative utility of tripartite meetings and similar conclaves. On the negative side, as rather large, official assemblies with notes recorded for publication, they are unlikely to inspire total candor, especially in the form of any unsparing criticism of the consultants' or other parties' performance. Moreover, since all leading representatives are personally and professionally active in project implementation, perspectives brought to the table are unlikely to be disinterested.

On the positive side, these formal reviews serve as milestones or buy-offs, at which the client and donor in particular can officially commit themselves to going ahead or pulling out of project sponsorship. Both of these parties need such closure if further resources are to be committed. Beyond this contractual significance, the meetings serve as symbolic reaffirmations and renewals (or to demarcate detours or terminations, if necessary). Face-to-face meetings can clarify impressions, opinions, concerns, and signals that might be misunderstood in a mere exchange of official documents. Equally important, by structuring these reviews as tripartite, the UNDP is manifesting its policy commitment to three-way co-ownership of technical assistance projects and emphasizing joint responsibility for success and failure.

In short, these assemblies cannot take the place of rigorous measurements of consultants' performance and project impact. But they can constitute essential declarations of all parties' willingness to continue. In a sense, that is the ultimate evaluation of technical assistance services, at least insofar as the sponsor, consumer, and deliverer are concerned.

ANOTHER EVALUATIVE MEASURE: PRINCIPALS' RETROSPECTIVE OVERVIEWS

In a similar spirit, but later in a project's evolution, it may be instructive for evaluative purposes to elicit retrospective assessments of technical assistance achievements and disappointments from key principals who guided that project from planning to completion. Such views will be subjective and self-interested. These opinions are also likely to be tempered by the participants' ongoing relationships with each other. Nevertheless, who better to judge whether a project fulfilled the expectations and needs of its participating institutions than the decision-makers in charge of those institutions?[7] What more revealing index could be elicited of the opinions about technical assistance effectiveness and utility that are likely to guide those same parties' future technical assistance investments?

When researching this book, I undertook such a survey of our Lao project principals, using a questionnaire and interview format. The individuals who had been the parties' lead representatives overseeing our project during one or both of its phases were invited to participate in this evaluative exercise. These individuals were the former minister in charge of foreign investment, the current general secretary of the FIMC; the director of the FIMC Permanent Office, on behalf of the client government; the UNDP's resident representative in Vientiane, on behalf of the project donor; and our home-office project coordinator—IDC's managing director—on behalf of the project consultants.

Figure 8.1 reproduces the informal survey instrument used to structure these interviews. (Other than IDC's Paris-based project coordinator, whose responses were elicited by fax, the participants were interviewed in person.) Since well over three years had passed since the project began, the principals' recollections were refreshed by advance distribution of a reminder of phase-I and II outputs and activities. While this survey was not scientific, the responses were nonetheless illuminating. In order to respect the participants' confidentiality, no specific points have been attributed to parties or individuals in the summary that follows.

As can be seen from the figure, two sets of quantitative questions were asked: one relating to principals' assessments of the project's overall success, the other eliciting comparisons with other similar projects. There was marked consensus among all parties in both of these areas. Most responses to the overall success questions assigned values of 6 or 5 on the 7-point scale, with 6 as a uniform mean (i.e., closer to "high success" than to "moderate"). The single exception was for Question 1.5, pertaining to sustainable development. Here responses were slightly but uniformly less optimistic, with 5 as the consensus value.

Principals' responses to the two comparison questions were uniformly higher: 7 was the most common value.

The project's achievements included a wide range of outputs and contributions, as the following sample represents:

- Facilitating institution-building progress at an "incremental, absorbable pace";
- Exposing the FIMC to an integrated framework for foreign investment management, a practical matrix usable for policymaking, for placing proposed activities within a grid, for tracking management and institution-building progress, and for promoting synergies among development tracks;
- Helping to "put Laos on the map of Southeast Asia" as a serious site for foreign investment placements;

- Creating and introducing a long list of specific project work products, extending from draft policy guidelines, legislation, and standard contracts to regulatory forms and procedures, to investment-promotion conferences and publications;

- Sponsoring and organizing invaluable training for FIMC decision-makers and technocrats, especially abroad and especially in the FIMC-Harvard University twinning relationship.

The respondents repeatedly identified inadequate sustainability as the project's main disappointment. Some causes offered that might help to explain this shortcoming included the consultants' concentrating on top-tier relationships within the FIMC (i.e., interacting with ministers and the Permanent Office director to the relative neglect of middle-tier Permanent Office division chiefs and other professional counterparts), our misreading of Permanent Office capacities for absorbing investment-monitoring know-how, and the providing of inadequate links with the other affiliated projects under UNDP's macroeconomic program umbrella.

For these principals, the project reaffirmed several key lessons for them to implement in the planning, design, and execution of future technical assistance services:

- The host agency should insist on local adaptation of imported know-how. Consultants should be encouraged and even required to offer and explain third-country models and precedents. Selections should then be made from this menu on the basis of local appropriateness and feasibility.

- For institution-building technical assistance to succeed, the client government in general and the host-agency leadership in particular must genuinely feel they are co-owners of the project, not mere hosts or beneficiaries.

- For effective host-agency participation in such technical assistance, the agency should appoint a top-level officer as full-time counterpart to the consultants' project manager. A minister or vice minister is too busy. It should be a senior technocrat, with authority, self-confidence, and experience. (The FIMC Permanent Office director was cited as an excellent example of this appointment.)

- For serious know-how transfer to have a chance of success, skill transfer must start on the first day of the consultants' field services. To defer is to defeat.

- For effective policy advising, the consultants should have genuine empathy and respect for their host-government client. Clients and constituents can both tell if these values are absent or feigned.

- An *activist* resident advisor represents a mixed blessing for the client and the donor. His or her significant virtues may include an ability to initiate and maintain project momentum, to produce a steady stream of outputs, to inspire short-termers' and counterparts' morale, and to attain a high project profile. But offsetting, equally significant, risks may include a tendency to do rather than to teach, the setting of unmatchable standards of performance, and a severe counterpart depression upon the advisor's departure.

I believe these Lao project principals' retrospective opinions speak for themselves. They demonstrate the ability of insightful leaders in all three parties to a technical assistance project to make informed evaluative judgments, negative as well as positive. This kind of a survey, notwithstanding its informality, may prove valuable as a routine summative-evaluation technique.

BEFORE-AND-AFTER COMPARISONS OF HOST-AGENCY CAPABILITIES AND OF THAT AGENCY'S ENVIRONMENTAL IMPACT

Still another legitimate technique available for evaluating technical assistance achievements is to attempt before-and-after (i.e., preproject and postproject) comparisons of the host agency's institutional strength and of that agency's own impact on its operating environment. The internal dimension of this assessment contrasts the agency's organizational and human resources then and now, focusing on changes fairly attributed to project interventions (Tables 8.3-8.5). The external dimension is necessarily more tentative, since so many causative influences are at work in the host-agency environment (Table 8.6). But it too measures positive changes likely to have been directly affected by the agency's enhanced capabilities, again focusing on those capabilities that received priority know-how transfer attention under the project, yet taking care not to exaggerate the attributive link. For the sake of balance and comprehensiveness, this assessment should ideally embrace the future as well as the past; that is, not only measuring what the project accomplished in the way of institutional development but also what it *didn't* accomplish, leaving unfinished business for follow-through attention by the host agency (and, if desired, appropriate and affordable, by additional technical assistance).

For a concrete example of before-and-after comparisons evaluating impacts of one institution-strengthening campaign supported by technical assistance, see Sunshine, *Managing Foreign Investment: Lessons From Laos*, Chapter Seven, Project Coordination.

EVALUATING TECHNICAL ASSISTANCE: LESSONS LEARNED AND REAFFIRMED

Our Lao project used all of the criteria recommended at the beginning of this chapter for evaluating technical assistance consultants' performance and impact: the degree to which the overall project goal was achieved; IDC's submission of required inputs and production of required outputs; the project's direct impact on host-agency organizational and human resource development; and its attributable influence on the FIMC's own enhanced environmental impact.

Our donor, the executing agencies, and the client utilized some, though not all, of the available techniques for assessing our project's satisfaction of those criteria. For example, they analyzed our IDC team's substantive and progress reports, they continually monitored our progress and performance, they commissioned a formal project audit by an independent evaluation team, and they convened tripartite meetings to confirm all parties' consensus on the project's merits. As previously discussed, our project's two executing agencies attempted to monitor and supervise progress from abroad, with only infrequent site visits. This geographic remoteness caused communication and collaboration problems for the project field office, the client, and the donor's resident mission. Other recommended techniques, including retrospective surveys of the principals' overall assessments of the project and before-and-after surveys of the project's internal and external impact, were used to prepare this book but not by the project parties. Perhaps this project's most serious evaluative defect was that no attempts were made to conduct specific performance tests or to otherwise measure and confirm know-how-transfer success or sustainability.[8]

Our project's evaluation successes and failures highlight practical lessons for technical assistance clients, donors, and consultants (Table 8.7).

Lessons for the Client

Utilize evaluation as a front-end planning tool. Don't wait until your project is nearing completion before considering how to evaluate its achievements. Put evaluation on the agenda at your initial project planning sessions with your donor. Decide in advance upon the project's desired institution-building outcomes and impact. Think of know-how transfer and sustainability. Think of enhanced organizational and human resource capabilities within the host agency. What progress and results will constitute success at the end of the day? Then utilize those evaluation criteria as targets to shape project planning and design. What kinds of consultants' personnel will be needed and when? How many host-agency counterparts and who? Work backwards from the journey's destination to determine its route.

Insist on reaching front-end tripartite agreement on a fair and feasible evaluation system. First when planning the project with your donor and then when negotiating the consultants' contract (whether your government, the donor, or an executing agency is the consultants' contractual client), agree on results-oriented, measurable criteria for evaluating the consultants' services, on techniques or procedures for applying those criteria, and on contractual consequences (including incentives and sanctions) for the consultants' success or failure in satisfying those criteria. Accept a fair allocation of responsibilities among the parties—that is, the client and the donor as well as the consultants—in providing the resources and fulfilling the conditions necessary to meet the target standards.

Utilize evaluation to enhance the consultants' performance, not to stifle it. When engaging in front-end planning and then later when monitoring interim progress and performance, build a reasonable degree of flexibility into your evaluation system. Take the project's pulse in order to monitor its health and to administer positive therapies. Don't kill the patient with excessive output or reporting requirements, or with overdoses of corrective measures when early problems are detected. Deliberately enable the consultants and the project to retain freedom to maneuver and to make reasonable design adjustments in response to unanticipated opportunities and constraints. Deliberately make evaluation a tripartite undertaking so that the consultants accept it as a willing partner instead of resisting it as an intrusive audit.

Lessons for the Donor

All of these just-recommended lessons for a technical assistance project client should also be considered by the project donor. Some additional points might also be emphasized.

Explore feasible strategies for combining conventional output-oriented evaluation measurements with impact-oriented measurements. Consultants should be held accountable. A contract is a legally binding commitment to provide an agreed quantity and quality of professional services. That commitment must be monitored and enforced. Your organization or its executing agency should join with the client in providing that oversight, whether or not you are the consultants' contractual client. Billed person-months should match planned inputs, both in quantity and timing, but with flexibility to modify schedules or individual inputs within reasonable limits. Agreed outputs should also be produced on time.

However, looking beyond these conventional technical assistance monitoring tools and evaluation measures, your organization will be well-advised to adopt additional complementary impact oriented measures of project achievement and consultants' performance. These measures may or may not include performance tests to confirm successful know-how transfers or sustainability or both. But whatever criteria and techniques are selected, the project's benefit to the host agency and its personnel should be evaluated—directly in terms of enhance capabilities, not merely indirectly in terms of consultants' activities.

Rethink conventional reporting requirements. Routine consultants' progress reports are almost always required by donors or executing agencies and often are used as triggers for disbursing installment payments. There is nothing wrong with imposing this requirement, so long as the frequency of the reports is not unreasonable. However, the evaluative utility of those reports should not be exaggerated. They will invariably be self-serving. Consultants will exploit these communiqués to play up their achievements. The firm may insert complaints about the client or donor in order to build a record in the event of future arbitration. Consultants will seldom acknowledge their problems or failures in these written records. In short, the reports will almost never be a reliable substitute for on-site supervision or for collaborative, tripartite problem solving, and other project management. Recognizing these realities, your best strategy may be to require fewer reports and to expect less from them.

Explore feasible incentives in order to help evaluations enhance performance. If evaluative standards are reasonably to be expected not merely to measure consultants' performance but also to influence that performance, then success or failure in meeting those standards must have meaningful consequences. Donors frequently apply this principle by focusing on sanctions for failure. These sanctions may include suspended payments, disapproved consultants' requests, or other penalties. An alternative or supplementary approach at least equally deserving of your organization's attention is to consider positive incentives for meeting (or exceeding) the evaluative targets. Consulting firms are private-sector entities; when working for private-sector clients they are accustomed to receiving bonuses or other monetary incentives for early completion or other outstanding performance. This same positive reinforcement and inducement can be equally potent within the context of a technical assistance project. If evaluation is to serve as a constructive management tool and not as an end in itself, then why not acknowledge excellent results with meaningful rewards?

The host agency should also share in those rewards, especially since its personnel will invariably be much less well compensated than the consultants. Most donors and some commentators traditionally resist offering financial incentives to counterparts. The rationale for this resistance is normally couched in terms of not wanting to create a privileged clique of civil servants within the host agency, not wanting to encourage or condone double-dipping, not wanting to raise counterparts' income and then lower it again upon project completion, or a combination of these things.[9] To my mind, this conservatism has always smacked of insensitivity, if not disingenuousness.[10] Serving as a counterpart to project consultants is hard work. Extra work. Almost all counterparts are underpaid by their employers. Why is it wrong to create incentives for outstanding participation, especially when know-how transfer and sustainability are the core project objectives? Modest bonuses can make a profound contribution to individual (and family) well-being. They deserve a fair hearing.

Lessons for the Consultants

Welcome rigorous evaluation, with appropriate safeguards. Thoughtfully crafted evaluation standards and procedures can work to your firm's distinct advantage. For example, they can facilitate your demonstration of progress and achievement to your client and donor. They can help to focus your project design and implementation. They can strengthen your case for recruiting well-qualified host-agency counterparts and for keeping those counterparts available. They can bring fresh insights to the monitoring process and earn you periodic, renewed votes of confidence from your client and donor. They may entitle you to bonus payments or other incentives.

Don't be afraid of evaluation. Warmly welcome it as a tripartite management tool. The only caveat is to insist in contract negotiations on imposition of feasible standards and procedures. Resist excessive, essentially meaningless reporting requirements. Resist front-end-loaded output menus. Resist unilateral or imbalanced responsibility being allocated to your firm for attainment of evaluation targets partly under the control of the other parties or vulnerable to *force majeure*. Reach for front-end tripartite agreement on an equitable evaluation system, then emphasize your expectation of being held fully accountable.

Promise less than you think you can deliver. When negotiating the project's evaluation standards, try to set those limits slightly below the levels that you anticipate you can achieve. This is not a ploy to justify on-the-job laziness. Instead, these limits will give your firm a reasonable margin with which to accommodate unforeseeable implementation delays and detours as well as possible complications in your relations with the client, or the donor, or both. If you overreach in promising outputs or other achievements, any shortfall, however defensible or modest, will later be perceived by your client and donor as deficient performance of your services. If, by way of contrast, you agree to more moderate standards and then exceed them, all concerned, including your host-agency counterparts who will deserve to share the credit, will feel fulfilled and rewarded.

Table 8.1 Performance of phase-I outputs and activities under the UNDP Lao Foreign Investment Advisory Project

Outputs and activities[a]	Degree to which performed[b]
Development of a national foreign investment policy and its procedures	T
• Identify main remaining barriers to foreign investment in Laos and propose improvements for those barriers' reduction.	T
• Assess and propose improvements in the existing foreign investment legislation.	T
• Assess and propose improvements in the existing foreign investment promotion strategy, including sevices for assisting prospective investors.	T
Strengthening of the government's operational capability to approve and supervise (i.e., screen, negotiate, license, and monitor) foreign investments	P
• Conduct on-site seminars and on-the-job training.	P
Establishing of, and transfer of skills to, a new foreign investment promotion unit to be created within the FIMC Permanent Office	T
• Facilitate organizational design, manpower planning, and recruitment.	T
• Conduct in-house training and organize international study tours.	T
• Assist in developing a targeted investment promotion.	T
Provision of actual-class assistance to the FIMC and its Permanent Office, on request, regarding any and all aspects of foreign investment management	T
• Assistance to all FIMC ministers.	T
Project administration and finance	T
• Administer ongoing operation of all project activities.	T
• Maintain effective liaison with UNDP's resident mission and World Bank.	T
• Draft and submit agreed project reports.	T
• Attract and supervise supplementary (i.e., non-UNDP) project cofinancing.	T
• Coordinate five affiliated projects within UNDP program.	T
• Liaise with other donor agencies, projects consultants.	T

[a]Source: The consultant's contractual TOR, as amplified by the UNDP project document and consultants' work plan.
[b]"T"= totally performed; "P"=partially performed; "U"=unperformed

Table 8.2 Performance of phase-II outputs and activities under the UNDP Lao Foreign Investment Advisory Project

Outputs and activities[a]	Degree to which performed[b]
Consolidation of unfinished phase-I system strengthening	P
• Assist the government to finalize crucial foreign investment management policy changes.	T
• Assist the government to revise its foreign investment law and decrees.	T
• Assist the government to execute the planned reorganization of the FIMC and Permanent Office.	T
• Assist the Permanent Office to continue simplifying and strengthening its screening and monitoring procedures and forms.	P
• Advise the government on actual foreign investment management cases.	T
• Assist the government to continue publication of its semiannual investment-promotion journal.	T
Expansion both domestically and internationally of the management system's scope and impact	P
• Assist the government to strengthen operational links between the FIMC and other ministries of the national government.	P
• Assist the government to organize and conduct three provincial outreach seminars.	T
• Assist the government to organize and conduct two international investment-promotion forums.	T
• Assist the government to organize and conduct two sectoral investment conferences.	T
• Assist the government to produce an investment promotion audiovisual presentation.	T
Enhancement of FIMC and Permanent Office capabilities to independently sustain effective operation of the government's foreign investment management system following project completion	P
• Design and conduct professional training activities for FIMC counterpart personnel, including an integrated series of Harvard University Study Tours, continuous on-the-job training within the Permanent Office, computer and English-language training, and overseas training for an FIMC translator-interpreter.	P

Table 8.2—*continued* Performance of phase-II outputs and activities under the UNDP Lao Foreign Investment Advisory Project

Outputs and activities[a]	Degree to which performed[b]
• Assist the Permanent Office to assemble a current, reliable informative database on foreign investment opportunities and performance in Laos.	P
• Assist the FIMC and Permanent Office to plan for independent operation of the management system following project completion.	P
Project administration and finance	T
• Administer ongoing operation of all project activities.	T
• Maintain effective liaison with UNDP's resident mission and OPS.	P
• Draft and submit agreed project reports.	T
• Attract and supervise supplementary (i.e., non-UNDP) project cofinancing.	T
• Liaise with other donor agencies, projects, and consultants as appropriate.	T

[a]Source: The consultant's contractual terms of reference, as amplified by the UNDP project document and consultants' work plan.
[b]"T"= totally performed; "P"=partially performed; "U"=unperformed

Table 8.3 The internal impact of the FIMC reform campaign: institutions

Before the campaign began in January 1991	After the campaign concluded in late 1994
The FIMC	
Its role and authority	
Vague. Basically only a license-issuing board.	Precise and explicitly mandated in the new legislation. In charge of all investment-management functions: rule making, attraction, and regulation. Also coordinator of all investment management within the government and of all investment-related dealings between the government and investors.
Its structure and stature	
Ten full-time members.	Eight permanent members, supplemented on as-needed basis by additional nonpermanent members.
	Stature upgraded by closer affiliation with the Office of the Prime Minister and by appointing higher-ranking permanent members.
Its performance	
Severe licensing delays.	Streamlined licensing through delegation of approval authority (plus fast-track screening).
Minister-members continually interrupted by investor's routine inquiries.	Ministers buffered by Investor's Service Center and data in FIMC publications.
	Harvard University training for key minister members.
Its self-financing resources	
None. Continually short of funds to cover basic operating costs.	Explicit new legislative mandate for FIMC revenue-generation from license fees, conference registration fees, and publication sales and advertisements.

Table 8.3—*continued* The internal impact of the FIMC reform campaign: institutions

Before the campaign began in January 1991	After the campaign concluded in late 1994
The FIMC Permanent Office	
Its role and structure	
Vague: administration and research. Screening only; no promotion or monitoring.	Rationalized: role and structure expanded to cover all functions of the foreign investment management system.
Its institutional location	
Within the Ministry of External Economic Relations.	Within the Committee for Planning & Cooperation, attached to the Office of the Prime Minister.
Its staffing	
6 professionals, 4 support staff.	20 professionals, 15 support staff.
Little in-service training.	Extensive training for professionals and support staff. In-country and abroad; study tours, workshops and seminars, counterpart relationships. English-language and computer training as well as investment management.
Its procedures and tools	
Cumbersome screening requirements and procedures. No standardization.	Streamlined procedures: standardization, simplification, service. New documentation and legal instruments as tools.

See the following tables on rules and capabilities for details.

Table 8.4 The internal impact of the FIMC reform campaign: rules

Before the campaign began in January 1994	After the campaign concluded in late 1994
Policies	
No clear policy framework.	A Constitutional foundation (1991).
	Investment Policy Guideline (1991).
	Detailed policies in new legislation (1994).
No FIMC policymaking authority or activity.	Active policy coordination with ministries of Agriculture, Finance, Foreign Affairs, and Industry and National Tourism Authority.
Legal instruments	
Original legislation: 1988 law and 1989 decrees. Problems of obsolescence, disharmony, ambiguity, and hierarchy. No official English translation.	New legislation: 1994 law and decree. Harmonized, clarified, translated.
No standard forms.	Standard investment license application form (1991, 1994).
	Standard-form mineral investment contracts (1994).

Table 8.5 The internal impact of the FIMC reform campaign: functional capabilities

Before the campaign began in January 1994	After the campaign concluded in late 1994
Attraction	
No climate-setting mandate or activity.	Explicit legislative mandate and initiatives.
Incentives limited to ineffective fiscal regime: tax holidays plus high rates.	Full menu of legislative incentives. Rationalized fiscal regime: low uniform rates replace tax holidays.
No promotion mandate or activity.	Explicit legislative mandate and multifaceted strategy designed and implemented. Host-country image-building through fora and publications. Source and sector targeting. One-stop service to perspective and licensed investors.
Investors' entry and in-country travel severely restricted.	Entry and travel greatly simplified, standardized, and expedited.
Regulation	
Complicated, protracted, uneven screening and approvals.	Simplified, streamlined screening: fast-track (60-day) for 80% of all license applications.
Weak FIMC negotiation capabilities.	Significant strengthening of negotiation capabilities through training, expert advice, and standard-form contracts.
No monitoring or enforcement.	Explicit legislative mandate for monitoring enforcement. Capabilities growing through training and equipping.

Table 8.6 The external impact of the campaign: increases in the quantity (and diversity) of new investment

	Before[a]	After[b]	Increase (%)
# of licensed investments	91	478	425%
Aggregate capital value (U.S.$ millions)	143.0	1,001.5	600%
# of home-country sources	17	30	76%

Source: Foreign Investment Management Committee Permanent Office (Vientiane).
[a]September 1988 through December 1990.
[b]Cumulative: i.e., September 1988 through June 1994.

Table 8.7 Lessons from Laos: evaluating technical assistance

Lessons for the client

- Utilize evaluation as a front-end project planning tool.
- Insist on reaching front-end tripartite agreement on a fair and feasible evaluation system.
- Utilize evaluation to enhance the consultants' performance, not to stifle it.

Lessons for the donor

- Explore feasible strategies for combining conventional output-oriented evaluation measurements with impact-oriented measurements.
- Re-examine conventional reporting requirements.
- Explore reasonable incentives in order to help evaluations enhance performance.

Lessons for the consultants

- Welcome rigorous evaluation with appropriate safeguards.
- Promise less than you think you can deliver.

[Request to each respondent: please express your individual opinions, but from your institutional perspective within the project client government, donor agency or consulting firm]

1. How would you rate the overall success of this project:

POOR ———————— MODERATE ———————— HIGH

1.1 In terms of achievement of the project's overall objective (as explained in the cover letter). [Please circle the number which best represents your opinion]:

1 2 3 4 5 6 7

1.2 In terms of production of intended activities and outputs (as explained in the cover letter):

1 2 3 4 5 6 7

1.3 In terms of benefit to your institution:

1 2 3 4 5 6 7

1.4 In terms of strengthening the Lao Government's foreign investment management system (institutions, rules, and functional capabilities):

1 2 3 4 5 6 7

1.5 In terms of generating *sustainable* development within the FIMC and its Permanent Office:

1 2 3 4 5 6 7

2. How would you compare this project with other similar technical assistance projects (in Laos or elsewhere) with which you have been associated or are familiar:

POOR ———————— MODERATE ———————— HIGH

2.1 In terms of overall success:

1 2 3 4 5 6 7

2.2 In terms of the quality of professional services provided by the consultants:

1 2 3 4 5 6 7

3. From your institution's perspective, what were this project's main achievements?

4. What were its main disappointments?

5. What are the chief lessons about effective management of technical assistance which you carry away from this project?

6. Are there any other observations about the project which you would care to share?

Figure 8.1 Questionnaire soliciting retrospective summary views of the UNDP Lao Foreign Investment Advisory Project from key participants in that project

NOTES

[1] Inherent difficulties in evaluating institution-building technical assistance have been succinctly captured by Rondinelli (pp. 524-525). Written in the specific context of UNDP-financed urban projects, his observations have more generic relevance:

> The impact of UNDP urban development assistance is difficult to assess for a variety of reasons. First, in many of the project documents, goals and objectives were vaguely or ambiguously defined, making it difficult for project managers and evaluators to determine exactly what the projects were supposed to accomplish. Second, UNDP assistance for urban development was often only a small part of a larger and more complex set of programs funded by other donor organizations and carried out by several [host-]government agencies, making it difficult to determine the degree to which positive changes could be attributed specifically to UNDP-funded interventions. Third, a variety of intervening variables—political changes, economic fluctuations, social instability—affected the outcome of UNDP assistance projects, frequently shrouding the relationship between UNDP inputs and substantive results. Fourth, objective assessments were rarely made of the impacts of UNDP projects in the postevaluation documents or in the terminal reports of project managers. Finally, most terminal reports and evaluations identify results in terms of immediate outputs—that is, the number of studies completed, people trained or equipment provided—and did not really assess their institutional or developmental impacts. Even when attempts were made to assess the outcomes, there were frequent disagreements among participants about the scope and magnitude of the impacts.

Elaborating on the first of these defects, Rondinelli found that in more than half the projects that he surveyed, evaluations described the project design as "too ambitious" or "unrealistic." The project documents were often prepared hastily and with little knowledge of local circumstances. As a result, the immediate objectives were often too broad and vague to be translated into clear guidelines or actions. Moreover, project designs frequently failed to specify required institution-building outputs and intended results. This was an especially serious problem for training assistance. *Ibid.*, pp. 529-530.

[2] For evaluating tightly focused technical advice and advisory assignments, Goode (p. 48) recommends utilizing three specific criteria that combine both internal and external impact dimensions:

- Was the advice good (which he defines as "coherent, consistent with received theory, and plausibly based on the evidence"), considering the time and place?
- Was it accepted?

- Was it carried out without meeting unforeseen problems or harmful side effects?

[3] See page 281 of this chapter.

[4] At this writing, final printing of the decree translation and the investor's guide awaits Council of Ministers' approval of the decree.

[5] In this context, it is also only fair to acknowledge that, since the donor was paying the mission's fees, that independence may have been less than total.

[6] The current status of those phase-II outputs and activities was previously reported in this chapter. It is a revealing commentary on the vicissitudes of institution-building technical assistance that, at that May 1993 tripartite meeting, all participating representatives of the project parties, including individuals presumably well-qualified to make informed judgments, were unanimous in anticipating that project services would conclude within a maximum of four more months. In fact, that assessment was optimistic by a factor of fifteen months at this writing, and we are not done yet. One practical moral may be that, when offering advisory services at the highest levels of a host government, services in large measure dependent upon prior action by cabinets and parliaments, it may be only prudent to exercise extreme caution and flexibility in projecting project completion dates.

[7] A parallel survey might fruitfully be conducted at the parties' middle-tier: interviewing individual counterparts, consultants, and donor and executing-agency project officers.

[8] Chapter Five, A Conceptual Framework, beginning at page 129 offers suggestions for possible approaches.

[9] Cohen's critique (p. 502) is representative:

Several donors, most notably the United Nations agencies and European donors, augment salaries [of project counterparts] in order to ensure their projects are given sufficient attention. Some contractors also top-up salaries in order to ensure that key counterparts working with their advisors remain and given the appearance that institution building is taking place. This is done through several methods: financial payment as extra salary, consultancies for work the officer would be doing in any case, high overseas per diem for short-term courses, or honoraria for giving presentations at workshops.

Such strategies are destructive of institution building. They lower the morale of civil service professionals not in a post connected to donor activities and benefits, and erode professional and bureaucratic relationships. Topping-up also generates corruption when some senior officers take a piece of the payment as a price for giving their approval. Finally, those with augmented salaries grow accustomed to higher income and will be forced to leave [the agency] as soon as the donor project providing them with extra income ends.

[10] This is especially so when the critics readily concede that it is virtually impossible that host governments will be able to afford significant salary or benefit increases for their permanent staffs within the foreseeable future. See, e.g., Cohen, pp. 503-504 and 508.

CHAPTER NINE

Final Lessons From Laos: Parting Reflections for Technical Assistance Managers

This final chapter offers an appropriate occasion for looking back and looking ahead. Look back on this case study and on the UNDP Lao Foreign Investment Advisory Project to recapitulate and reconsider the chief technical assistance management themes. Look ahead to the future to translate those themes into potential lessons for other technical assistance managers—in client governments, donor agencies, and consulting firms.

Each reader will wish to extract his or her preferred lessons from this case study. In this chapter, my retrospective reflections are organized into three issue clusters:

(1) Is technical assistance worth doing? Can technical assistance make a significant difference?

(2) Is technical assistance worth managing? Can management make a significant difference?

(3) What main guidelines for effective technical assistance management emerge most clearly from this study of our Lao project experience?

IS TECHNICAL ASSISTANCE WORTH DOING? CAN IT MAKE A SIGNIFICANT DIFFERENCE?

When managing a technical assistance project, and even when evaluating and analyzing such a project after the fact, it is easy to lose sight of the forest for the trees. Operational strategies and tactics, traffic control and fire fighting become the dominant preoccupations, leaving little or no time for more philosophical reflections. But what about those more basic questions, whether posed with reference to our Lao project in particular or to technical assistance in general? Does technical assistance really work? Does it give donors and clients a good return on their respective investments? In short, is it worth doing?

Certainly there is no shortage of forceful criticisms of technical assistance's potential defects. Technical assistance can be expensive for donors and intrusive for host clients. It can divert, displace, demoralize, and disempower consultants' host-agency counterparts. It can transfer inappropriate technology or no technology at all. In too many cases, technical assistance can be demanded by donors as a precondition for structural adjustment or other development-assistance funding, imposing it on unconvinced or even resistant borrowers. If even a portion of these criticisms are valid, can the potential benefits of technical assistance be worth these formidable potential costs and risks?

The Lao project offers one instance where the benefits can be justified. Chapter Eight summarized various evaluations of this project, which were generally positive. The project unequivocally helped to strengthen the Lao Government's foreign investment management system; the structures, procedures, and personnel of the regulatory institutions (the FIMC and its Permanent Office); its policies, law, and regulations; and its investment attraction and regulation functions. Specific project outputs—ranging from policy guidelines and legislation, to audiovisual and print materials promoting foreign investment, to licensing forms and procedures, to negotiating tools and techniques, to promotional conferences and databases—are all practical foreign investment management instruments created for the client and, in most cases, left in FIMC hands for continuing use. Through project-sponsored and organized training, both in-country and abroad, local management capabilities were demonstrably strengthened at the ministerial level and on through professional counterparts and clerical support staff. During the project's tenure, and arguably in large measure because of its investment climate-enhancing influence, the quantity and quality of foreign investment flows into Laos increased dramatically. This is one real-world case that illustrates convincingly that technical assistance *can* make a significant difference, in terms of both institutional and economic development.

IS TECHNICAL ASSISTANCE WORTH MANAGING? CAN MANAGEMENT MAKE A SIGNIFICANT DIFFERENCE?

Even if technical assistance is defensible, is the degree of attention to technical assistance *management* that has been recommended throughout this book clearly in all parties' unilateral self-interest? Management is undeniably time-, energy- and resource-consuming—for the donor, for the consultants, and, if the responsibilities are properly balanced, for the client. It requires skill, sensitivity, determination, and energy by all parties' key project personnel— individuals much in demand for other priorities of their respective employer institutions. To be a bit cynical for a moment, why not let technical assistance manage itself, on "cruise control" as it were? The donor could generate detailed TOR, perhaps merely relabeled from other applications. The client could passively tolerate the consultants' invasion, doing damage control to minimize the disruption. The consultants could do the minimum amount of work necessary to execute the contracted services, produce reports, and collect their fees. Why insist upon intensive technical assistance management when it is so exhausting and difficult to do?

Again, our Lao project offers powerful, concrete evidence that serious technical assistance management can make a difference, well justifying each party's sober investment. When our project's management was attentive, proactive, and incisive, the quality and impact of the technical assistance services were demonstrably improved.

From the perspective of the client host government, for example, our host agency, the FIMC, repeatedly demonstrated an activist attitude toward technical assistance management in ways that clearly enhanced the project's value to the Lao Government. To cite one illustration, the minister most directly in charge of foreign investment commissioned our IDC team to conduct a comparative regional study of foreign investment legislative reforms (particularly with regard to fiscal regimes) and of business-visa regimes. "Show us," he explicitly instructed, "not only that your proposals are conceptually attractive but also that they are congruent with the best current policies and practices of our neighbors."

The resulting corroborative data served the minister's needs by furnishing convincing evidence and arguments to support his desired policy initiatives. Not by accident, his request also confirmed to the consultants that our client was serious, committed, and in control. The study findings enhanced our team's reputation within the FIMC and the government for giving advice that was practical and tested, not reckless or hypothetical.

So also our project donor, in the person of the UNDP's resident representative in Vientiane, intervened on more than one occasion, always on request and with appropriate discretion and restraint, to lend support to project initiatives, to help spur government decisions, or to facilitate client-consultant cooperation. During both phases of project execution, the representative consistently demonstrated interest in the project and determination for it to serve the government effectively. Sitting back would have risked delays or, worse, detours, jeopardizing the donor's entire investment. So she stepped forward, as a proactive comanager, and got involved.

IDC also practiced activist technical assistance management, for the firm's sake as well as the project's. For example, when first fielding its project team, IDC perceived a potentially problematic imbalance between a hands-on executing agency and a not-yet-fully-mobilized host-government client. We therefore deliberately used the initial on-site needs assessment exercise to involve host-agency personnel in diagnosing their own investment-management problems and in prescribing realistic institution-building responses. The action plan produced as the chief product of this collaborative assessment was a plan for actions to be taken primarily by the government. The plan incorporated the project and its consultants—in crucial but supporting roles—into this broader governmental agenda. This refinement of project objectives and rechanneling of project energies honored the consultants' TOR but integrated the technical assistance intervention into a locally co-owned and controlled institutional development stream. The client, the consultants, the donor, the executing agency, and the project as a whole were all direct beneficiaries of this managerial fine-tuning.

This kind of integration also worked with our choreographing of short-term specialists' services. Instead of limiting these technical experts' role to isolated specific tasks, IDC deliberately worked to enhance their contribution and impact: through prearrival briefings of counterparts and specialists, through exploitation of the specialists' brief in-country presence for training interventions as well as technical tasks, through retention of specialists' ongoing availability for as-needed consultation by fax at their home bases, and through sustained involvement of the same core group of specialists through repeat interventions over the three years of project services. The resulting relationships—among specialists, counterparts, and the consultants' resident personnel—made for much richer synergy than would have been possible from more conventional one-time visits. In each of these instances, proactive management by all project parties made a measurable difference in technical assistance quality.

By marked contrast, when the parties' management was inflexible or inattentive, we either failed to detect and correct fundamental project design problems or made matters worse. When our management was rigid, externally driven or unrealistic, the quality of IDC's technical assistance inputs and outputs demonstrably suffered. To cite a previously mentioned example, our project plan and design suffered from excessive programming ambition by all three parties—the donor, the client, and the consultants. The phase-I TOR required the consultants to produce too many work-products within one year. This agenda left too little time for know-how transfer and institution building, a defect that we unfortunately failed to correct in phase II. By then, the client had seen so much potential benefit from the project's presence, resources, and energies that its enthusiasm generated an unrealistic wish list of desired outputs and activities. As responsible consultants, we should have objected, or at least insisted on an upgrading of the complement of resident project personnel commensurate with the expanding agenda. We needed more horses to pull an increased load. Instead, inspired by phase-I successes and aware of so much valuable work remaining to be done, we accepted a program that, in practice, was made deliverable only by numerous extensions, and that, even then, devoted far too little relative attention to sustainable know-how transfer. The donor was aware of our hubris but elected not to intervene. All these parties were well-meaning. All believed in our project. But through excessive enthusiasm we probably ended up accomplishing less by attempting more.

On both positive and negative sides of the ledger, then, technical assistance management in our Lao project demonstrated a significant difference.

WHAT MAIN GUIDELINES FOR EFFECTIVE TECHNICAL ASSISTANCE MANAGEMENT EMERGE MOST CLEARLY FROM THIS LAO PROJECT EXPERIENCE?

Dozens of practical technical assistance management lessons can be mined from this Lao project experience. Many have been flagged at the end of each substantive chapter of this case study. Some of the most potent themes can be grouped, and hopefully remembered, under the following headings: people, partners, power, patience, persistence—and humility.

People

Development is people. Ultimately, after all the models have been constructed and institutions diagnosed, it is individuals who make a difference. They can motivate and mobilize, or resent and resist. They can cooperate or confront, inspire or impede. Technical assistance would be far simpler to design and institutional development far easier to facilitate if individuals were less important. Certainly the basic concept of institution building implies strengthening organizations, as distinct from their personnel. In the same way, we speak of fostering institutional memory that will survive personnel turnover. Nevertheless, as repeated projects have demonstrated and our Lao project confirmed, it is people who must change if technology is to be genuinely transferred, people who must sustain institutional development. And key individuals in all of the participating organizations—client, donor, and consulting firm—can make or break a project.

For technical assistance managers, this recognition should be welcome news. If those key persons can be identified, cultivated, and convinced of the potential contribution of technical assistance, then their talents, energy, and commitment can overcome likely implementation problems. Likewise, although this aspect is less optimistic, if essential individuals who are indifferent or opposed to technical assistance can be identified early, they can be courted, coopted, and, if necessary, bypassed, or even replaced in order to accomplish the parties' agreed goals.

Effective exploitation of the people resource requires reciprocal respect and empathy, cross-cultural sensitivity, and appealing to key persons' perceived self-interest (of which, more follows). It requires all parties' full concentration when recruiting residential advisors and lead counterparts. It requires paying close attention to key individuals on all three tiers of the project's host agency. It means paying attention to emotions and interpersonal relationships as well as to statistics, outputs, and disbursements. For effective technical assistance management and sustainable institutional development, people count.

Partners

Partnership is crucial for effective technical assistance management at two levels. At the organizational level, one of the most basic management principles articulated throughout this case study has been that project management and ownership should be tripartite. Donor-driven technical assistance is unlikely to make a lasting contribution. The client must also perceive significant benefit from getting and staying involved. The consulting firm must believe that it has the scope to participate in shaping project design, despite early planning decisions made before contract award. Our Lao project and many analogs make the point abundantly clear: when all three parties work together to select a development path, marshal resources, and address inevitable implementation problems, they can accomplish much more together than separately. As articulated in Chapter Four, their roles are not identical, but complementary. Each has clear, distinct project functions to perform. In a well-managed project, there should be no major gaps or overlaps between them. Full and equal partnership is unfortunately not the norm in technical assistance management. But it is a fundamental goal worth pursuing.

At the individual level, respectful collaboration is also essential. Especially between consultants and counterparts, but also between clients and advisors, donor representatives and executing-agency officers, resident and short-term consultants, partnership—as opposed to isolation or confrontation—demonstrably improves the quality and impact of technical assistance services. All of these are—or at least can be—win-win relationships, as long as legitimate interests are recognized and common ground is identified and developed.

Power

The just-expressed enthusiasm for people and partnership in technical assistance management should not be underestimated as naïveté. Development is not a fairy tale. It is inescapably grounded in harsh realities. One of those realities is that perceived self-interest, not altruism, motivates most mortals—as opposed to saints or angels. (The latter, despite rigorous recruitment standards, are seldom found in consulting firms...or even in donor agencies.) To recognize this motivation is not to criticize it. In my professional experience and judgment, acknowledged self-interest is consistently more credible than professed selflessness. Institutions and the individuals within institutions all have ambitions. All seek rewards. All tend to appraise proposed technical assistance interventions, as well as appeals to participate in those interventions, at least partly through the jeweler's loupe of perceived self-interest. A donor's project officer wants to be judged a success within his or her organization's value system. That desire—and the related reward system—will never be far from consciousness when that officer supervises a technical assistance project.[1] A host-agency leader asks—if only to himself or herself—what can this project do for my agency, and for me? Lower down in the hierarchy, but no less intently, each counterpart inevitably asks what the consultants' arrival implies about his or her superiors' evaluation of local personnel's performance, and how incipient counterpart relationships can help or hurt those personnel's immediate prospects and longer-term careers. Each member of a consulting team performs a comparable calculus. How can he or she share in recognition for successful services? How can he or she be hurt by project failure? These intimate assessments are neither venal nor unprofessional. They are merely, and consummately, human. Individuals, like institutions, like to do well by doing good. Technical assistance managers will invariably be more effective when they accept and address these needs.

In addition, although I have argued that one key to partnership in technical assistance management is equality and full tripartite participation, it is only honest to acknowledge that, in the power context, one of those parties—the client—most needs to be empowered by the project. The donor is already powerful, it has vast financial and technical resources and a diversified international portfolio of projects. The consulting firm, while obviously much smaller and less well-insulated, also has considerable independence and will get paid in the absence of incompetence. In many if not most cases, therefore, it is the host agency that initially may feel invaded or imposed upon by the technical assistance. It is the counterpart personnel within that agency who may initially feel threatened or displaced by the foreigners. So while concern for power equally motivates all technical assistance parties and participants, it is the client institution and its personnel that are likely to most need empowering by technical assistance design and execution. If, in this sense, they are treated as first among equals, the donor and the consultants should be sufficiently pragmatic to support this compensatory ranking.

Recognizing the operational relevance and potency of power is then an essential skill for technical assistance managers. Who and what controls project resources and decisions? What incentives can legitimately be offered to enhance consultants' and counterparts' performance? How can deliberate empowerment of the host agency and its permanent staff (on all tiers) be mobilized to enhance know-how transfer and sustainable institutional development?

Think back to Chapter Four. Recall the discussions of parties' roles and relationships, of the nonneutral, status implications of technical assistance terminology, of the merits of client co-ownership of projects, of the wide-ranging consequences of consultants' division of labor between advisory and operational roles. All of these are dimensions of the power equation. Power drives projects, parties, and personnel just as much as it does automobiles and airplanes.

Patience and Persistence

Recall Chapter Three's discussion of effective time management in technical assistance projects. Technical assistance takes time. Institutional development cannot be rushed. Know-how transfer requires a series of sequential stages as well as repeated reinforcement and reiterations.

These inescapable parameters necessitate unwavering patience by technical assistance managers. Patience during project planning means selecting realistic time lines for institution-building services—probably five to ten years to facilitate sustainable change. Patience includes waiting for teachable moments within counterpart relationships, key moments when learning breakthroughs can suddenly be achieved in response to felt needs. Patience must accommodate host-culture norms, which in many developing-country environments may include vertical hierarchies and consensual decision-making, both time consuming, but resistant to acceleration. Patience should allow the broader process of economic transition to proceed at a locally absorbable pace, so that one's own project is not defeated by having moved too far out in front of the pack. Patience recognizes that institution building is never a smooth or steady progression; instead it proceeds by fits and starts.

For patience not to become passivity, the effective technical assistance manager must also practice persistence. Quietly determine to move ahead without being rigid. Do not be defeated by delays or detours; instead accept them as inevitable. Do not put all of your project tasks on one track so that unavoidable postponements bring all services to a costly, demoralizing halt. Instead, design and execute a multitrack strategy, pressing ahead wherever the host agency and its institutional environment are amenable to change. The persistent manager must be adept at lateral thinking, formulating paths around temporary obstacles. He or she must be pragmatic, able to quickly recognize windows of opportunity and climb through those windows before they close. Seize and exploit serendipity. The manager should continually cultivate constituencies for change and enlist allies at all tiers within the host agency and also in inner-circle and outer-circle interest groups.

This is not to counsel managerial daydreaming, losing sight of short-term contractual obligations or promised project outputs while plotting long-term campaigns. Both perspectives are essential; see the trees as well as the forests. Because institutional development is a long-term proposition, then patience must be tempered with persistence and that persistence must be exercised with imagination.

Humility

Last, but most certainly not least, any self-aware technical assistance manager should be humble. In the mid-1990s, technical assistance, like institutional development, remains much more an art than a science. There are no experts in our field, merely practitioners. No consulting firm or donor agency has yet mastered the process of facilitating sustainable institutional change across borders and cultures. In this era and operating environment, professional and personal modesty is an appropriate attitudinal base.[2]

There is a fine irony here because, while the preceding assertion is self-evident, it is anything but welcome to many technical assistance donors and clients. Consultants are not paid to be humble. They are supposed to be self-asserting experts, not self-effacing apprentices. They are expected to know it all before they arrive in the host country—or at most, twenty-four hours afterward—without significant on-the-job or on-the-ground learning. Consultants should be able to make quick diagnoses and prescribe quick remedies, especially if they are short-term specialists.

Several factors, in addition to consultants' high rates, reinforce these expectations. Competitive bidding encourages firms to toot their own horns, to trumpet their experience and expertise. Tight project and site visit time frames create pressures for snap judgments. Consultants' wide international experience creates a temptation, after a while, to see all situations as alike and therefore susceptible to off-the-shelf strategies. Moreover, most senior advisors are subject-matter experts with tested technical skills. Perhaps the very nature of the international consultancy profession tends to attract self-confident problem solvers, whose personas seem more arrogant than humble.

Yet despite these inducements and explanations, the point remains valid that technical expertise is an insufficient qualification for institution-building technical assistance. In fact a technical temperament may be counterproductive. Technical skills are hard, analytical, often quantitative, often narrow, and practiced alone. Institution building is soft, nurturing, qualitative, multidisciplinary, interpersonal, and cross-cultural. An expert economist—or engineer, or lawyer, or agronomist—may be an amateur know-how transferor and an amateur facilitator of sustainable development.

Long-term assignments can reduce many of the pressures imposed on short-term specialists to demonstrate instantaneous technical assistance expertise. Residential stays afford time for collaborative needs assessments. This kind of project design can allow time to learn about local conditions and constraints. It can provide time to form trusting counterpart relationships and time to transfer locally appropriate technology and to give locally implementable advice. However, as we have seen, longevity is no panacea. As discussed in Chapter Three, resident advisors can become complacent fixtures, lowering their output levels, making excuses for the slow pace of project progress, slipping more and more into operational roles that displace local professionals and perpetuate dependency.

No single approach to institution-building technical assistance or its management can be guaranteed to succeed. Each project presents a peculiar combination of opportunities and challenges.[3]

Even when performing one's best services, an honest consultant knows that he or she may be wrong, that recommendations may not work. Especially when giving advice, transferring know-how, or facilitating sustainability, an honest consultant knows that he or she is not in charge and is not in control. Consulting is a process of trial and error, and there will be errors.

Errors are inevitable. The challenge is to be willing to make mistakes, to be seen to make them, to acknowledge responsibility for having made them, and then to pick oneself up and try again. This is not a profession for the faint of heart.

One should not pretend that repeated mistakes or project failures are ever welcome. The most patient and tolerant project sponsors want to see successes more than failures. No client, however enlightened, believes that sincerity is an adequate substitute for success. High competence is required; this includes technical competence as well as institution-building and managerial competence. However, an appropriate degree of humility is also required. We are all making it up as we go along.

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These are some of the lessons I have learned from managing the UNDP Lao Foreign Investment Advisory Project and from reflecting upon our experience. This book is dedicated to fellow technical assistance managers. It has been written for you. Seek inspiration from our project's successes. Be wise enough to avoid repeating our mistakes. Stand on our shoulders. Institutional development requires technical assistance. This is a job well worth doing, and doing well. Let's get on with it. *Courage.*

NOTES

[1] This recognition implies the potential need for donor organizations that are genuinely interested in promoting institution-building technical assistance to consider reordering their own priorities for staff evaluation and incentives. In this context, several commentators have observed that the prevailing value systems within donor organizations do little to promote conscientious project supervision or successful institution-building implementation. For example, Gow (*Provision of Technical Assistance*, p. 82) alleges that:

> [A]t least in the US case, the Agency for International Development (AID) offers few incentives for good project implementation. Instead, the incentive structure focuses on 'pushing money', that is, achieving the overall disbursement targets for particular programs in a specific country. Hence, rewards come primarily from getting funds committed and projects approved and into the implementation stage. Those within AID responsible for managing implementation are usually lower-level staff who often have neither the authority nor the experience to do the job effectively.

If this assessment and other similar indictments common in institutional development literature have any validity, then donors' promotion of institutional development might fruitfully begin within their own walls.

[2] The technical assistance picture appeared less complicated, and self-confidence more justifiable, in the decade before intervening years of painful field experience cautioned against premature hubris. Writing in 1982, for example, Lethem and Riley (p. 20) concluded that:

> By and large, the technical assistance with which the World Bank has been associated has been effective. One reason is that the assistance is usually linked to investment projects; another may be that, since member countries have to borrow for most of the assistance provided and are responsible for arranging and implementing it, they are more likely to ensure that it is really needed, its objectives are feasible, the proposed consultants are suitable, and the national staff can benefit from the training provided.

Wallace (p. 27) explains this early optimism and the subsequent, more conservative reassessment in terms of a fundamental shift in the dominant type of World Bank-financed lending:

> The 1980s saw a dramatic shift in the nature of the Bank's lending program, with the introduction of policy-based lending and a greater emphasis on social sector projects...Until this shift in lending policy—traditionally the Bank had concentrated on large infrastructure projects and rural development—the Bank's experience with TA was generally satisfactory. Most of the financing went to so-called 'hard' TA—engineering services for project design and

> construction, as well as feasibility studies of future projects...This type of TA is relatively straightforward in terms of design, implementation, supervision, and measurement, essentially asking the outside expert to perform a task and substitute for unavailable local skills.
>
> But by the mid-1980s, the focus had shifted more to so-called 'soft' TA—the provision of expert services for institutional and human resource development and project-related training—which now accounts for around 70 percent of the Bank's TA portfolio. Soft TA, as it turns out, is much more difficult to design, implement, and supervise, and lacks benchmarks for measuring progress. Moreover, it has a significantly longer gestation period and demands a knowledge of the local society that foreign consultants find difficult to acquire in the time available. Not surprisingly, therefore, the experience of donors and recipients with soft TA, particularly in Sub-Saharan Africa where it accounts for most of the assistance rendered—has proved to be highly frustrating....
>
> [A] series of studies the Bank has undertaken since 1986, some looking at TA worldwide, others focusing on TA in Sub-Saharan Africa, confirm that this assistance is not resulting in the expected improvement of skills and abilities of individuals or in the enhanced capacity of institutions. The Bank's experience is not unique. Other donors such as UNDP and the Development Assistance Committee of the Organization of Economic Cooperation and Development have begun to rethink TA for the same reasons. As a result, some tangible improvements have been made, but the real challenge still lies ahead for both donors and recipients.

Although writing in a more optimistic era, Lethem and Riley (pp. 20-21) were prescient in identifying key factors which can contribute to successful institution-building technical assistance. Over a decade later, their prescriptions remain powerfully valid. For example, their checklist of ingredients for success included: (1) promoting tripartite ownership of projects; (2) securing client commitment at both the top and middle tiers (i.e., from decision-makers as well as technical professionals); (3) avoiding excessively detailed or ambitious TOR for consultants' institution-building assignments; (4) assigning host-agency counterparts specific tasks and empowering responsibilities; (5) recruiting a multitalented project manager; (6) where feasible, interviewing the consultants' candidates for key long-term field positions in advance; (7) closely integrating project training with the other technical assistance activities; and (8) enhancing training's residual institutional impact by including senior managers in the participants as well as middle- and lower-level staff.

In short, what seems to have mostly changed in the interim is not so much our awareness of what needs to be done as our recognition of how difficult it is to do it.

[3] As Wallace (p. 28) concludes:

> [T]here is now the acceptance that the need for TA and its desirable form vary greatly from region to region, and over time, depending on stages of development and human resource capacities. This means that there is a legitimate role for many types of TA, whether aimed at merely providing services to perform a task, or the building up of capacity, with getting the job done in the short run of lesser importance. Further, economic development in no way eliminates the need for TA, as the industrialized nations—the largest importers of knowledge (skills, licenses, know-how, etc.)—demonstrate. The critical difference is that the more advanced nations are the ones determining their own needs, and on what terms; they also know how best to make use of the external assistance.

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List of Acronyms and Terms

ADB—Asian Development Bank

AID—Agency for International Development (United States)

BOOT—Build-Own-Operate-Transfer

CPC—Committee for Planning & Cooperation (Laos)

DGM—Department of Geology & Mines (Laos)

FIMC—Foreign Investment Management Committee (Laos)

HIID—Harvard Institute for International Development (United States)

IDC—Investissement Développement Conseil (France)

IDI—Institut pour le Développement Industriel (France)

IMF—International Monetary Fund

MEER—Ministry of External Economic Relations (Laos)

MEPF—Ministry of Economic Planning and Finance (Laos)

MOJ—Ministry of Justice (Laos)

NEM—New Economic Mechanism (Laos)

NGOs—nongovernmental organizations

OPS—Office of Project Services (United Nations)

Permanent Office—FIMC's professional secretariat (Laos)

SIDA—Swedish International Development Agency (Sweden)

TA—technical assistance

TOR—terms of reference

UNDP—United Nations Development Programme (United Nations)

Managing Technical Assistance: A Practitioner's Handbook is meant for technical assistance managers in international consulting firms, host governments, and development-assistance agencies. This "how-to" guide addresses management principles and problems, the root causes of those problems, and tested solutions. The author presents an analytical case study of a major technical assistance project and offers concrete examples of management strategies successfully applied in the field.

Russell B. Sunshine, currently chief of party, American Legal Consortium Rule of Law Project for Central Asia, in Almaty, Kazakhstan, served as an East-West Center fellow following his term as UNDP project manager and resident foreign investment advisor to the Government of Laos (1991-93). He has previously published on the subjects of managing technical assistance and negotiating for international development.

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East-West Center
1777 East-West Road
Honolulu, Hawaii 96848
Telephone: (808) 944-7111