

SOME MANAGERIAL AND TECHNICAL ASPECTS OF TRANSPORT SECTOR DEVELOPMENT PROJECTS

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SUMMARY

In development projects—like in all transport sector projects—there is only one problem, but it is huge; everything is connected to everything else. In this paper the authors have separated from the whole important issues and practical problems, rarely spoken in aid to developing countries, and addressed them in a hands-on manner. These are:

Donor Aid projects Management and Coordination. Authors are of the opinion that the recipient country management is the key for coordination and for the projects to succeed. Therefore the findings and recommendations are focused on ways to strengthen the role of the recipient country in donor aid project management and coordination. Specifically it is recommended that the donor Aid Coordination Unit (ACU) and Project Implementing Unit (PIU) are necessary before the process of establishment of fully competent public administrations in a country can be completed. Development of these units is considered to be part of the overall public service reform process. When such process is not yet completed, it is necessary that the recipient country has institutions/entities staffed with competent local experts to hold “the country reform process memory”.

Human Resource Development. Rather often the Technical Assistance projects are oriented on “providing solutions”, ignoring the development of local capacities. Importance of specially selected local experts – “Technical Communication Officers” is recommended.

Institutional Functioning. Authors point is that based on ‘process consultation’ model a new approach to institutional consulting is to be promoted in which the Recipient has a key role. It is recommended that the Recipient is the initiator of technical assistance in the projects.

Design Standards in transport projects are a recurrent problem. Recommendations are the difficult issues: how to transition to new standards; how to mediate with consultants preferring their own standards; and how to manage the standards approval process.

Procurement and Management of Consulting Services. Main recommendations are: the terms of reference (TOR) must be developed by the recipient country professionals (the value of the “Technical Communication Officer(s)” and the Aid Coordination Unit is indispensable); the country’s procurement laws should be improved and used to the extent possible.

The vignettes in the paper are from the “real world” although they are modified slightly to protect privacy.

INTRODUCTION AND THE MAIN ISSUES

Objective of the paper is to share with the forum the authors' observations and recommendations, aiming at increasing efficiency and effectiveness of donor¹ funded transport projects in developing countries. The paper concerns some managerial and technical aspects, which are common to development projects in any sector². However the authors found it reasonable to consider them in the context of problems encountered in transport projects in developing countries based on experience gained during many years working on transport sector development projects implementation in different countries.

Coordination of donor activities in the developing countries is a very important issue. In the transport sector it is of critical importance because the transport sector has links with almost all branches of the economy. Consequences of the lack of good and proper management and coordination are obvious, resulting in overlaps, duplication, inefficiency, conflicting purposes, different technical standards, and so forth. Moreover, in some cases the lack of proper management and coordination may result in discrediting the overall reform process itself among population of the aid recipient country.

Donor aid project's management and coordination is complex multidimensional theme. The paper focuses only on the role of the recipient country institutions or units and the corresponding section is structured around four topics:

- General Donor Aid Organizational Framework/Institutional Arrangements,
- Instruments used in management and coordination,
- Role of the recipient country institutions/units in aid project management/coordination
- Trends and recommendations in aid project management and coordination

Other separate sections of the paper are dealing with the following issues:

- Human resource management
- Institutional functioning
- Development and introduction of technical standards in the transport sector, and
- Procurement and management of consulting services.

¹ The word 'donor' is used to designate the institution providing the loan, credit for the project to be repaid under certain conditions, or a grant. The aid can be provided by an international financial institution, a government entity, or a multilateral entity, or a development fund.

² There are many articles concerning the above mentioned issues and authors do not try to make comprehensive review. Only some of them are referred for the convenience of the reader to serve purpose of the paper.

MANAGEMENT AND COORDINATION OF DONOR AID PROJECTS AND PROGRAMS

General Donor Aid Organizational Framework

A general scheme of Donor- Recipient Country relationship's organizational framework for any type of development program/project can be presented as follows:

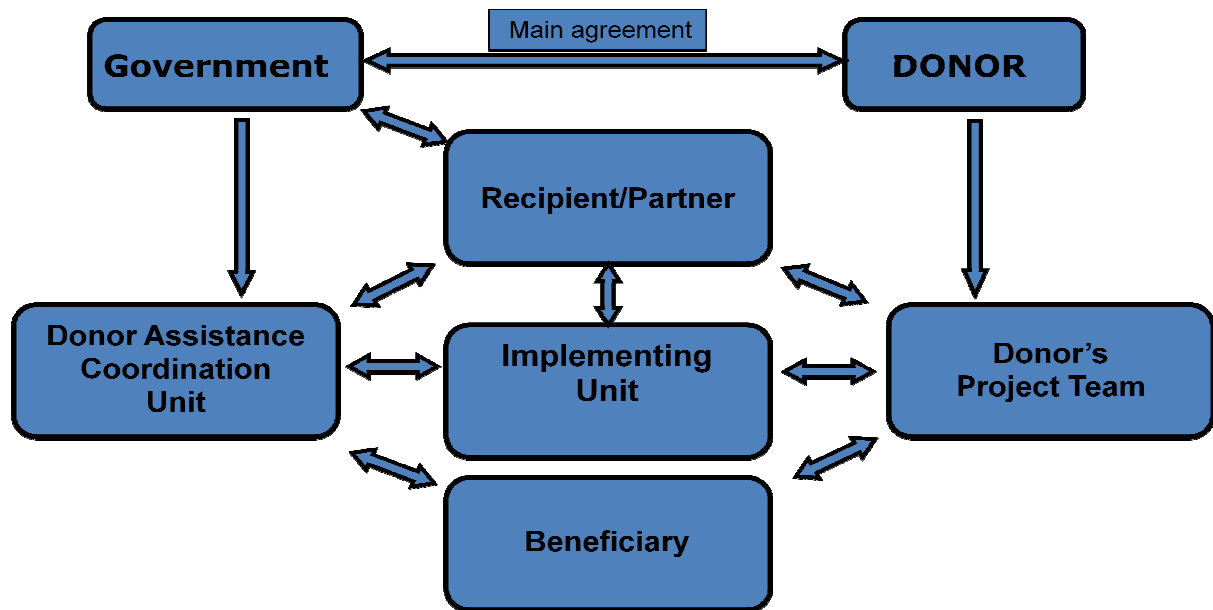


Figure 1. General framework chart for donor assistance project management/coordination

Where:

- Recipient/ Partner organization - Government agency that is responsible for project implementation on behalf of Government.
- Project Implementing Unit (PIU) - Government Agency/Unit/Entity, public or NGO, that supports the Recipient in project implementation and through which the donor organization provides funding to implement the project.
- Beneficiary - The specific group (people, organizations, etc.) for whose benefit the program/project is undertaken (can be direct or indirect).
- Donor's Project Team – can be a team of experts directly contracted by donor or company contracted by donor on tender bases.
- Donor Aid Coordination Unit (ACU) – Unit established by Government to coordinate different donor assistance programs/projects (not always present).

In specific cases/countries some units in the above mentioned chart may not exist at all (e.g. the ACU) or in some cases some functions can be combined (e.g. Recipient and the Implementing Unit). However in all cases roles and functions prescribed to these units are indispensable for successful program/project implementation.

Instruments for projects management/coordination

Currently, Project Cycle Management (PCM) and Logical Framework Approach (LFA) are widely used by almost all donor organizations as the main instruments for program/project management. There are many textbooks on the topic (e.g. see European Commission, 2004; The World Bank, no year; and NORAD, 1999). However for ease of references two important figures are provided below for illustration of the main concepts of PCM and LFA. These are: Project Cycle (Fig. 2) and Project Matrix (Logframe) (Table 1).

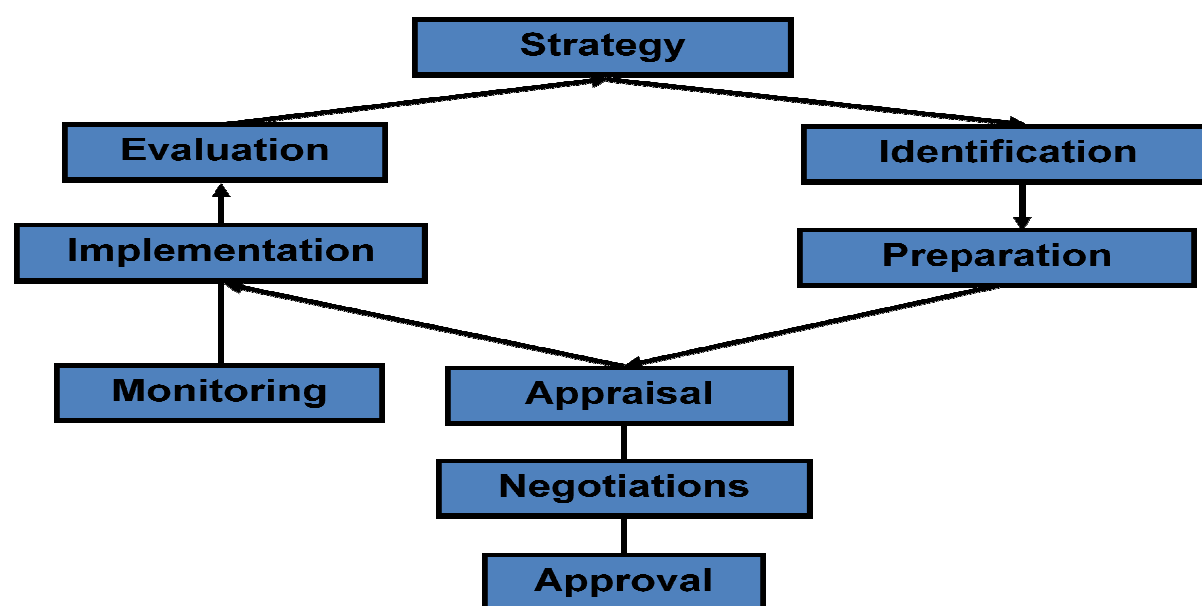


Figure 2. Project Cycle

Table 1. Project Matrix (Logframe)

Project Description (Intervention logic)	Indicators	Source of Verification	Assumptions
Overall Objective – The project's contribution to policy or programme objectives (impact)	Quantity, Quality, Time	Ways/methods of information collection (when and by whom)	
Purpose – Direct benefits to the target group(s)	Quantity, Quality, Time	As above	If the Purpose is achieved, what assumptions must hold true to achieve the Overall Objective?
Results/Outputs – Tangible products or services delivered by the project	Quantity, Quality, Time	As above	If Results are achieved, what assumptions must hold true to achieve the Purpose?
Activities – Tasks that have to be undertaken to deliver the desired results/outputs			If Activities are completed, what assumptions must hold true to deliver the results?

Below the key elements of the Organizational Framework presented in Fig.1 are considered by using concepts and terms of these instruments.

Role of recipient country institutions in aid project management and coordination

Aid project development

According to the Project Cycle presented on Fig. 2, in a very general sense, a donor aid project is developed by passing the following steps: based on its strategy for country assistance the donor's project team conducts project Identification, Preparation and Appraisal missions. Output of these activities is a project appraisal document (PAD)³ which is subject of consideration by the donor's board as well as the Recipient's Government. The Project Matrix presented on Table 1 is the backbone of the PAD providing the logic of the intervention with specific indicators, a source of verification and assumptions. When the appraisal document is agreed by both sides, Donor-Government negotiations take place and an agreement is signed which is referred to as Main Agreement in Fig.1. The latter is the highest level legal document usually superseding the local country legislation during the project implementation.

Unless there is a long history of successive projects and staff continuity, the program/project Recipient staff is not familiar with instruments used by donor during the aid project development process. Therefore when donor's project team conducts project Identification/ Preparation/ Appraisal missions, the Recipient and other country stakeholders cannot effectively participate in these activities and thus cannot have ownership to use the worn word, of the process. In some cases donor/contractor organize one day training in LFA followed with 2-3 days long Logframe Workshop aiming to involve Recipient in defining and clarifying the Project Matrix (Logframe). However because of its short duration and language gap, such trainings usually do not enable the participants to absorb the LFA methodology and effectiveness of such endeavours is minimal.

The lack of clear understanding of the PCM and LFA concepts by recipient country stakeholders results in a lack of clear understanding of the project Objectives, Results/Outputs and the Indicators (see Table 1). This causes serious misunderstandings in project Implementation. The situation can become even worse if after signing the Main Agreement the Recipient's management has been changed and a new management decides to revise/adjust provisions of the earlier agreed Agreement. In this case the donor's team faces the problem of not achieving the project objective indicators reported and agreed with donor's supervisory board at the project Appraisal stage. Such situation is illustrated in Case 1 below.

³ Different donors may name the appraisal document differently.

Case 1

In country A it was agreed by Main Agreement to undertake in a stage wise approach, road network rehabilitation. Project aimed to rehabilitate maximum length of road sections in different regions of a country within limits of existing funds allocated for the project. In the Appraisal stage the cost per km was estimated based on existing traffic data and acceptable standards. Later on, during the project Implementation stage, the new management of Recipient decided to change the project concept with the result that investment per km had to be increased to ensure higher pavement bearing capacity causing a decrease in the total length of road sections to be rehabilitated. The latter, measured in kms, was one of the key indicators specified in the PAD. Increasing the number of rehabilitated kms and pavement bearing capacity with the same project funds are conflicting objectives. Therefore, parties (donor and Recipient) spent a lot of time and resources to reach a compromise, causing a delay in project implementation.

In another case the Main Agreement specified the Economic Rate of Return as the main eligibility criterion for the selection of road sections for rehabilitation. However during the project implementation the management of the Recipient decided to disregard the criterion and select road sections based on political preference.

These examples illustrating the Recipient's neglect of key elements of the Project Matrix agreed in the project Preparation and Appraisal stages may seem trivial technical issues, but they are not. The managers at both the recipient country and donor will "grill" the donor's project team and the PIU for reasons for the changes, and may suspect a lack of professionalism with possible career consequences to both.

As for other stages of the Project Cycle, it has to be specially mentioned that usually Recipient does not conduct evaluation exercises; they are always done by the donor.

Project/Program Implementing Unit (PIU)

The Implementing Unit is usually formed jointly by the donor and the Recipient/Partner organization in line with specific program/project purposes. Necessity of establishing such a unit, parallel to the Recipient/Partner organization is justified from donor's perspective by two reasons: 1) lack of sufficient capacity of Recipient/Partner organization in specific instruments (e.g. procurement, financial management, cost-benefit analyses, transport modelling, linguistic problems, etc.), 2) existence of separate entity makes it easy for a donor to oversee project implementation and discuss project matters.

The Main Agreement which defines responsibilities and obligations of parties defines them for the Implementing Unit as well. The Recipient/Partner most commonly is presented in the Agreement by the line ministry or a state agency responsible for overseeing program/project implementation and for sector-specific policy issues.

Aid Coordination Unit (ACU)

ACU may not exist at all, or its role involves collection of information on donor funded projects without a clear and agreed interaction framework. In some countries, absence in coordination is filled by one of the donors acting in a country, based on an informal agreement among donors and usually such coordination task is not institutionalized.

Existing ACUs usually do not have a responsible role to integrate specific donor assistance into national development goals. They do not accumulate the most valuable achievements of donor aid and disseminate it among different ministries/institutions/agencies to avoid duplication and save the country's resources for other donors' interventions. Case 2 below is one example from many, illustrating a Recipient's careless attitude to the donor aid project results.

Case 2

In a Country B a technical assistance project aiming restructuring of the Ministry of Transport had been implemented. The goal of the project was to create a ministry structure that could serve as a model for changes in other parts of the Government. One of the main objectives of the project – a transformation of an existing ministry into the transport sector's policy formulation and regulation entity functioning in a market economy, was achieved. The ministry was reorganized in line with a new organizational structure; new statutes were passed in the Parliament with revised authorities and functions; staff levels were substantially reduced; the staffs of the Ministry and its administrations reporting to it were selected on the basis of qualifications; and an extensive training program prepared the staff to fulfil its new functions.

After about one year the ministry was closed down and some of its functions were given to a newly established department under another ministry. Many valuable results obtained from the technical assistance project (including training course materials covering not only transport related technical, but also general management topics) remained unused. Various recipient structures of the Country have not been able to utilize and integrate those assistance and outputs into their normal activities, agendas, facilities, development concepts and policies. ACU has to deal with that.

Considering the cycle on Fig.1 the authors are of the opinion that the ACU has to conduct evaluation exercise regularly at country level and evaluate overall donor assistance activities in the country. With utmost rarity can one observe a developing country to carry out such an evaluation even when the donor aid funds are as large as the state budget. Such an evaluation would enable the country management to make a consolidated assessment of impact of donor assistance projects, to look back and observe lessons learned, to improve aid project management and coordination, and to meet new challenges.⁴

⁴ It is true that recently country evaluations have been carried by the donors' evaluation units. Unfortunately, these evaluations come too late, involve numerous rounds of "smoothing" the results, and primarily serve

The problem is also related to the lack of Recipient's capacity and organization of aid coordination.

Trends and recommendations in aid project management and coordination

The Implementing Unit

The Implementing Unit, formed with a competent local staff selected on competition, plays a key role for successful implementation of specific projects and dissemination of knowledge in the country and thus contributing to overall country development.

The PIU, having the role as the Recipient's main advisor with necessary competence (including among others competence in the above mentioned instruments) and trust may protect from facing the situation illustrated in Case 1 by: i) minimising the possibility of raising the misunderstandings between Recipient and donor's team, or ii) facilitating the project concept revision process when the latter is unavoidable.

Eventually, when quality of public administration reaches a satisfactory level and the civil servants' corps is well developed in the recipient country, there would not be a need for such a unit, as its functions could be exercised effectively by corresponding line ministry/state agency. However, the Recipient may request—and has requested in some cases—that these functions are carried out by a relevant state agency, without PIU, or has established the PIU staff (fully or partially) at its own discretion and ignoring the donor's opinion. Sometimes the donor's team has agreed with such request for the purpose of increasing country ownership.

Usually there are two main arguments involved in such requests that deserve consideration: 1) local experts selected competitively for the PIU and paid from project funds in accordance with local market conditions, would request salaries that are more than the average salary of the country's civil servants (sometime even more than that of the high officials) and the Recipient cannot agree to it (for political reasons), and 2) involvement of the staff in the line ministry/agency in project implementation has the purpose of increasing sustainability and avoid the risk that well paid qualified local experts leave the job after project completion.

the donors and not the country political and policy decision-making bureaucracies. Evaluations are also carried out by "independent" units, which may or may not enjoy the trust of the operating units. There is a serious lack of top management involvement on both sides. The authors point is that the role of the proposed ACU is larger than evaluation and that evaluation and absorption and utilization of the results need to occur timely, otherwise it is often too late and forgotten.

Both of these two reasons can be considered as issues of country ownership⁵ and in this case a donor's team faces a dilemma: to meet requirements of effective project implementation versus meeting country ownership requirements.

The authors are of the opinion that this kind of trade-off should be decided in favour of the project implementation purposes. That is, the highest priority belongs to the involvement of qualified local professionals to implement the project or program. Of course, there is a risk that the salary differences cause inconvenience to the Recipient/Government, or that the trained and experienced local staff may not be willing, or not acceptable, to work as public servant after project completion⁶. However, the negative consequences of project implementation without competent local staff are much more serious – leading to project failure and inefficiency. In these cases there is no benefit at all and concerns for sustainability are not even valid, while in case of a successful project implementation there remains opportunity for further development and application of project outputs (e.g. Pavement Management System, Bridge Management System, Traffic Database etc.) to obtain real benefits even if the qualified and trained staff leaves the job after project completion. In the latter case, the country would benefit from a developing local consulting profession and market, which is also a very important outcome.

Ignoring the importance of competent local staff is often the main reason for the inefficient implementation of projects and an explanation for the circumstance that many projects with nearly identical objectives are implemented repeatedly in the same country by different donors. The label, "lack of absorption capacity of the Recipient", which is so often stated (directly or indirectly) by donor teams and refer to unsatisfactory project outcome, also indicates that most probably the donor has traded off effective implementation of the project with "ownership". In the author's opinion in such cases responsibility for insufficiency has to be laid down to the donor side, not on the Recipient, which was given ownership that does not correspond to its real capacity.

Aid Coordination Unit (ACU)

Authors are of the opinion that the aid coordination in a country must be conducted by recipient country Government through a specially established Governmental body –Donor

⁵ Same arguments apply not only to the PIU staff but also to local experts in general, contracted by the donor's international contractor.

⁶ There normally are political considerations in civil service appointments; they are, however, not examined here. Suffice is to note with concern, that in more than one country, following political changes, there have been several top managers in a span of a few years. It is difficult to pursue a coherent policy agenda in such context, especially when heavy political interference is the rule rather than the exception. The stability of Civil Service and the political dimension of aid are normally ignored by the donors, and require a separate examination, which is not done here.

Aid Coordination Unit. If a donor organization takes this function at a country level or at a sector level it leads, as mentioned, to a lack of country ownership with all consequent negative results. However, again, like in case of a PIU the ACU staff has to be chosen with competitive selection procedure and specific criteria to ensure the selection of highly qualified local professionals capable of dealing with sectoral as well as intersectoral issues.

The ACU has to support coordinated implementation of the Governments' policy at country and sector levels and match and refine external assistance according to the government's priority agenda and development needs.

By using PCM and LFA instruments ACU has to transfer project level activities, results and objectives into higher level results and objectives. Integration of outputs/outcomes of donor interventions in terms of LFA can be illustrated by chart below showing the hierarchy of projects.

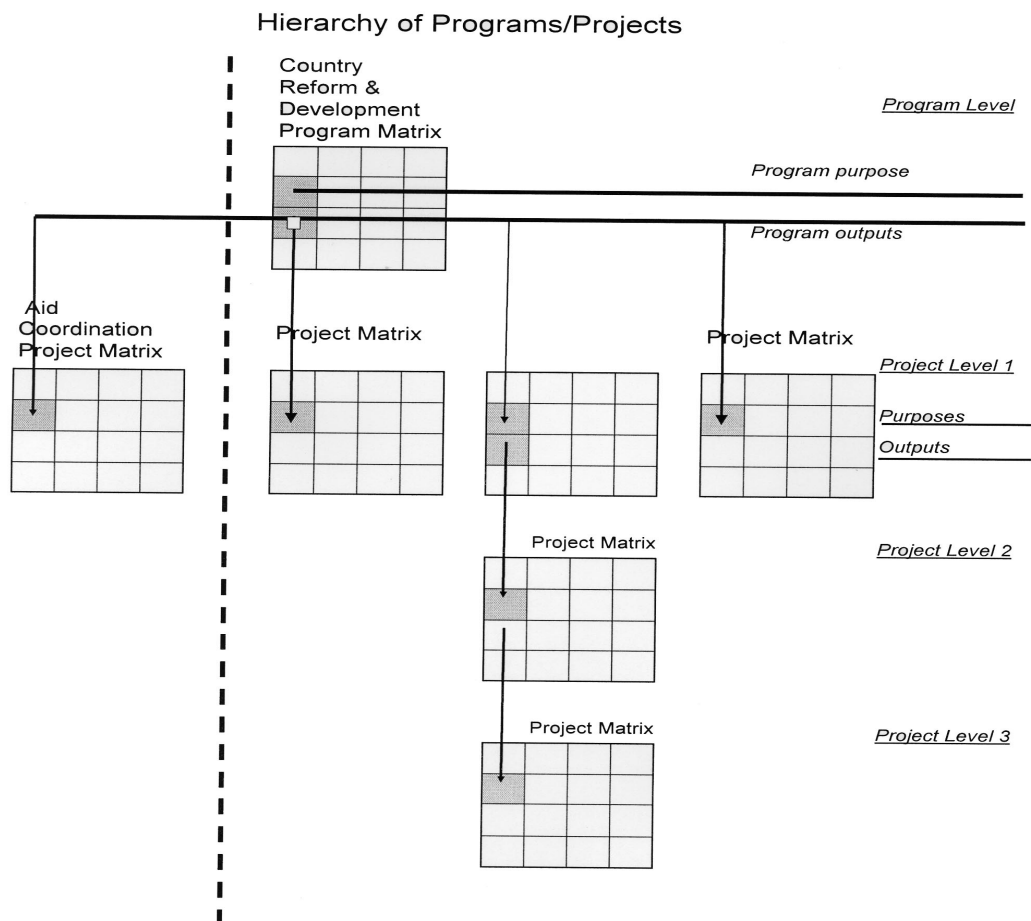


Figure 3. *Hierarchy of programs/projects*

The ACU must establish a Web portal data base of all donor aid projects (Logframes) which would be updated regularly by the PIUs. The data base has to allow search by several

criteria by sector⁷, geographical location, recipient, beneficiaries, etc. Coordination should record in the data base and take into account the stage of the Project Cycle illustrated on Fig. 1.⁸

It has to be underlined that the ACU may be—and preferably should be—involved in country policy development process as an advisory body, but it should not be considered as responsible for a policy development. Overall, it has to be considered as a unit reporting to a high level country management entities and provide all necessary information to donor community as well help them to define and review the country assistance strategy.

Lack of local capacity in the majority of developing countries is one of the main obstacles for realising the above ideas. Of course, there may be political unwillingness to articulate the objectives of the aid agenda. Nonetheless, aid coordination is important and it should be in the donors' interest to provide technical assistance to country for development and establishment of the ACU. In a diagram of Fig. 3 above the Project Matrix of such project is shown on the left side, which is separated by dash line.

Section Conclusions

Despite number of efforts (consultative meetings and forums) by the donor community towards Donor Harmonization and Coordination (Rome Declaration, OECD DAC good practice papers, etc), the harmonization and coordination continues to represent an unresolved multidimensional problem. Authors are of the opinion that the recipient country management is the key for harmonization and coordination to succeed. The authors observations agree with the statement of the Rome Declaration: "We attach high importance to partner countries' assuming a stronger leadership role in the coordination of development assistance, and to assisting in building their capacity to do so"⁹. Therefore the findings and recommendations in this paper are focused on ways of strengthening the role of the recipient country in donor aid coordination. However such strengthening is proposed to take place with the direct involvement of the donor community. Because the donors are limited in their ability to influence directly the Recipient capacity the authors propose to focus efforts on two main bodies – ACU and PIU.

The ACU and PIU are bodies necessary before the process of establishment of fully competent public administrations in a country can be completed. Development of these units can be considered as part of the overall public service reform process. While such process is

⁷ DAC and CES Codes of OECD can be used for these purposes.
http://www.oecd.org/document/21/0,3343,en_2649_34447_1914325_1_1_1,00.html

⁸ Consideration of other technical aspects concerning Web based database development is out of the purpose of this paper.

⁹ http://siteresources.worldbank.org/NEWS/Resources/Harm-RomeDeclaration2_25.pdf

not completed in a developing country, it is necessary to have institutions/bodies staffed with competent local experts (not politicians!) to hold “country reform process memory”.¹⁰

HUMAN RESOURCE DEVELOPMENT

Donor community has developed several instruments and approaches for human resource development involving specialists, consultants, trainers and advisers, which are used in Technical Assistance projects to transfer know-how and skills and establish and strengthen institutions.

Effectiveness of Technical Assistance has to be assessed how well it helped to i) provide appropriate solutions to specific problems and ii) develop local capacities that would be utilised by country in future. However, often Technical Assistance projects are oriented on “providing solutions”, ignoring the development of local capacities. Case 3 (see Box) is quite typical and provided for illustration.

Case 3	
In country C, which had received an aid support over more than 15 years, a tender for consulting services was announced which did not include any training component and selection criteria did not include requirement for “local participation”. Criteria, subcriteria, and point system for the evaluation of Full Technical Proposals were:	
(i)	Specific experience of the Consultants relevant to the assignment: 20
(ii)	Adequacy of the proposed methodology and work plan in responding to the Terms of Reference:
a)	Technical approach and methodology <i>10</i>
b)	Work plan <i>5</i>
c)	Organization and staffing <i>5</i>
Total points for criterion (ii): 20	
(iii)	Key professional staff qualifications and competence for the assignment:
Full-time:	
a)	Team Leader – (transport planner /engineer with at least 15 years of international experience of transport facility development and operations ... etc.). ... <i>20</i>
b)	Highway/Traffic Engineer – with 12 years of international experience <i>10</i>

¹⁰ In this context it is appropriate to recall the “Report on the Organisation of the Permanent Civil Service, presented to both House of Parliament by command of Her Majesty” prepared in UK in 1854: “As matters now stand, the Government of the country could not be carried out without the aid of an efficient body of permanent officers, occupying a position duly subordinate to that of the Ministers who are directly responsible to the Crown and to Parliament, yet possessing sufficient independence, character, ability and the experience to advise, assist, and to some extent, influence, those who are from time to time set over them”.

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c)	Transport Systems Analyst/Economist - with 10 years of international experience	10
d)	Financial/Business Analyst - with 10 years of international experience	20
Total points for criterion (iii):		60
Total points for three criteria:		100

Given the fact that in Country C there are no local experts with 10-15 years experience in the mentioned disciplines, it is obvious that this project staff could only expatriates. Taking into account that the project does not include any type of training and no local participation is required, this consultancy cannot be considered as Technical Assistance, because it does not aim the transfer of knowledge and sustainability of the project results is questionable. It means that Country C would need aid assistance again in similar tasks in the future.

Typically, but not always, when project aims to produce outputs necessitating involvement of internationally qualified experts not available in the recipient country, the participation of local experts/companies is excluded altogether (like in Case 3) or limited to simple interpretation or local administrative tasks. Authors are of the opinion that, in all cases, Technical Assistance, including the one described in Case 3, the local participation has to be considered at least in the role described in the following two paragraphs.

Experience shows that in many projects, implemented by highly experienced internationally qualified consulting companies or experts in full compliance with their Terms of Reference, the results were not accepted or put to use by the Recipient. This outcome derives not only from inadequate Recipient-Consultant communication in the process of consulting works but also from the consultancy approach, as discussed later in this paper. Inadequate communication itself is a result of several factors: i) technical staff in recipient countries has a technical background and education (or do not have it at all) which is different from that of the consultant, and ii) many basic modern concepts and terms commonly used internationally do not have analogies in the local language.

Authors are of the opinion that these communication gaps have to be filled by properly selected local expert(s) who in addition to language skills have sufficient analytical skills and an appropriate technical background or receive intensive technical training prior to the commencement of technical assistance. These persons, because of their analytical skills, are 'quick studies' and able to learn the consultants' methodology, technical aspects, corresponding concepts and terms in a short time, and put it into practice through "on the job training". They can subsequently give to the Recipient staff explanations and interpretations of the Consultant's results. The local expert with such skills plays a crucial role of "Technical Communication Officer" working as a bridge between the Recipient staff and consultant to ensure transfer of know how and skills. Projects implemented without such a bridge normally cause misunderstandings between the parties and ultimately result in high risk for successful and lasting results from the project.

There are two ways to engage the local consulting company or expert in the bids: i) as a subcontractor of a qualified international company (most commonly used approach), and ii)

with a direct contract by the Recipient or the PIU. The authors are of the opinion that in most cases advantage has to be given to second choice because, usually, the Request for Proposal is directed to highly qualified expatriates and the point system in the evaluation of Full Technical Proposals does not award points for qualified local experts (as in Case 3) or award a low value for it. Therefore, to win the bid, an international company does not plan its financial resources for contracting high level local consultants, what is also costly, and prefers to involve less qualified inexpensive experts, or simply English interpreters. As a result the winning company has very good team of expatriates and a very weak team of local experts. The Recipient's attempts to change the local staff during the project implementation create financial problems to the Consulting company and leads to disputes between the contract parties. Avoiding such a situation is possible if the Recipient/PIU organizes competitive selection of local experts directly as it is illustrated on Fig. 4.

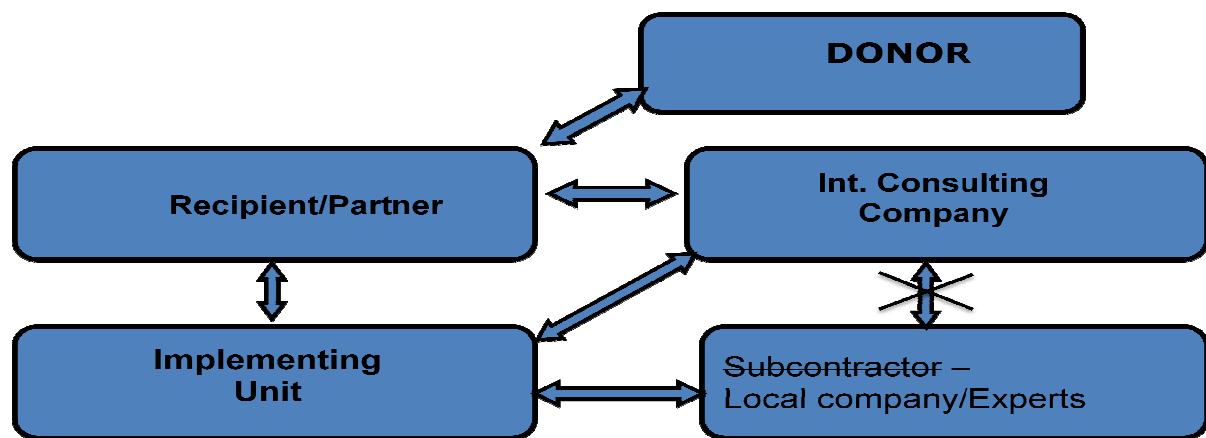


Figure 4. *Involvement of local company/experts – alternative to subcontracting*

Recipient/PIU can mobilise best local experts, which would be able to play the role of real “Technical Communication Officer”. This approach is illustrated by Case 4 below (Box).

Case 4

In country D the ongoing transport sector restructuring process was supported by training activities covering the training of officials of Ministry of Transport, Modal Administration staff and transport community at-large. For these purpose the internationally qualified consulting company (consortium) was selected competitively, which had to develop 10 general management courses for the Ministry of Transport staff and 16 technical courses for Modal Administrations' staff and the transport community at-large. The consultant also was responsible for 1) preparing the selection criteria and selecting the local consultants; 2) administering contracts with local consultants, and 3) evaluating the quality of delivery. Based on the selection criteria the Recipient and the PIU selected 26 local trainers (one per each course), who were contracted by the PIU. As a result of this selection procedure 26 teams were established for the training modules consisting of one foreign and one local trainer. Training materials in English and local languages were prepared and they were delivered in two series: the first series by the foreign and local trainer jointly (in English, interpreted by the local trainer), and the second series by the local trainers in local language.

High quality translations of the English language courses with Glossary of concepts/terms in the local language prepared by local trainers were one significant output of the project.

It has to be noted that implementation of the approach described in this case is a complex managerial task and overloads the PIU, but it is much more effective than straightforward Contractor- Subcontractor (local company/experts) in terms of quality of outputs.

Finally, it is noted that human resource development over the short term and long term perspectives has to be harmonised and complement each other. In most cases donor assistance projects are short aiming development of specific institution /ministry, or state agency, etc./ supplemented by short term training programs, because outputs of long term action (education programs) are not visible within the time frame of a typical donor project. Politicians in the recipient countries, like the managers in the donor institutions are also oriented to quick results; actions giving results over a long term perspective are not a priority. Evidence supporting this is the fact that many countries with more than 15 years of aid assistance do not have Transport Planners, Highway/Traffic Engineers and Transport Systems Analyst/Economists, as illustrated in the Case 3, and remain in permanent need of expatriate donor technical assistance.

INSTITUTIONAL FUNCTIONING: THE NEED FOR NEW APPROACHES IN INSTITUTIONAL CONSULTING

Institutional functioning and adequate relationship between the donor and the Recipient are critical to success of the development projects. The complexity of the involved issues is substantial and fluid; snapshots taken one year are no longer valid the next year. A dynamic approach is required. Examples of dysfunctional institutional arrangements are provided in the box below as an illustration of the issue.

Case 5

The Road Fund has been a perennial topic of disagreement between the transport engineers and public sector economists. One frustrated engineer even called the International Monetary Fund (IMF) an “intransigent monetary fund” for its economist’s opposition to Road Funds.

The engineer’s view is clear: road user must pay a fee for service and that fee revenue should constitute the Road Administration’s budget which it should use wisely, supervised by a broadly-based Board. The fact that the bulk of the user fees are currently collected as an excise tax is irrelevant (it is done this way because for the time being it is cheap and convenient way to collect road user fees). Roads should be managed like a business and not like a bureaucracy.

The public sector economist reasons that the political process is the best and appropriate way to allocate tax resources. Road Funds simply foster inefficiency, and lead to poor performance and corruption. There should be no extra-budgetary funds because they are a

symptom of poor public sector governance. On paper, the economists could accept Road Funds under certain conditions, but in practice no.

The evidence of Road Fund performance is contradictory. Public sector economists have won at their peril, if not on paper at least in practice. Several examples could be cited where the abolishment of Road Funds has led to substantial reduction in the road budgets and consequent disinvestment in the road assets, and, instead, loan financing of big but inefficient projects. Nor has corruption decreased; there is continued fuel excise tax leakage in many countries because the record-keeping and accounting are not transparent. A case has yet to be made that the fuel excise tax revenue, transferred to other sectors, has been spent efficiently in the other sectors. Can a case be made that the budget funded road administrations are efficient?

With the rapidly changing vehicle fleet fuel and fuel efficiency changes, and technological possibilities (GPS) for fee based road service, the Road Fund is likely to make a welcome come-back.

In a country, where the Road Fund had been abolished by a donor demand, the road administration had become a favorite for political interference and an object of political capture accompanied with departure of professional staff. With aim to improve institutional functioning, technical assistance was organized. A consultant wrote a credible report. The Recipient, after a succession of managers, refused to pay the consultant because they claimed that the requirements of the Terms of Reference (TOR) had not been fulfilled. However, these requirements also necessitated the involvement of the senior managers, who had refused to make themselves available for consultations, even when a meeting was agreed upon. The reason (stated on paper): the managers had been too busy with their work to meet with the consultant. Thus, there was no intention for change.

Institutional functioning presents a range of problems. Among them are: the lack of clear sector development strategy and even if exists, its relationship to the actual sector program is likely to be tenuous; the country's administrative and approval processes are at variance with those promoted by the donor; problems caused by the lack of understanding of jurisdictional responsibilities in complex sector wide institutional development; different donors or factions even within the same donor work at cross-purposes, and may cause the government to change policy or government organizations while projects are in progress. In sum the challenges in institutional development—the key to any improvement—are enormous.

Numerous studies and evaluations have concluded that physical objectives are normally achieved, though often with delays, but institutional development goals or improvement in the functioning of the (transport) sector institutions are not. The result of this failure must be squarely put on the donor community's inability to be effective in change management. There is no doubt that the instability and frequent changes in the ministers and managers, flagrant political interference, and unclear decision making practices do contribute to the

failure. But, pointing to these deficiencies as causes of failure is simply making the problem to be the solution.

Institutional development is normally driven through consultancies. But, rare are those consultants for whom the improvement of the Recipient overrides the mechanical completion of the deliverables with handsome profit. The high cost and ineffectiveness of expatriate consultants combined with the lack of evidence about the value of the results raises natural resistance for technical assistance. As a general rule the Recipient does not want technical assistance; even if it is grant funded suspicions remain, and the value of grant-funded technical assistance is often seen as harmless because it costs nothing.

If the Recipient often does not understand the content of the Terms of Reference (TOR), which was developed by others (the donor or his consultant), the development strategies and missions statements are simply words, which the donors like, even though they have been written by consultants and never internalized and adopted; management and data systems are black boxes that clever consultants can use to justify decisions already made; safeguards are barriers that only an expatriate consultant can understand and overcome and which can thereafter be forgotten.

Edgar Schein in an insightful article (Schein 1990, commented by MacMillan 1999 and Talvitie 2008) ¹¹ classifies consultancies into three kinds: '*content expert*'; '*doctor*'; and '*process consultant*'. [Quotations below are from Schein].

- As *content expert* the consultant activities consist of information gathering, analysis, and teaching. According to MacMillan (1999), for the interventions based on these activities to work, three assumptions must be met: the client¹² knows what information is needed and who can provide it; the client is able to communicate these to the consultant; and the client understands what the consultant has provided and is able to act on it.
- As '*doctor the consultant*' will "figure out what the problem is and what to do about it [and the client] only gets involved in implementing the prescription." According to MacMillan for 'doctoring' to succeed: the diagnostic process must not be disruptive; the client has preliminarily identified the location of the 'sickness'; the people in that location agree to cooperate; the client understands the diagnosis or at least complies

¹¹. Edgar Schein, "Models of consultation: What do organizations of the 1990s need?", *Consultation: An International Journal*, 9 (4), pp. 261-275 (1990). Carol MacMillan has done a comprehensive literature review of organizational consultation in her dissertation: *The Role of the Organizational Consultant: A Model for Clinicians*.

¹² The term "client" used in the original source is kept here, what is the same as "Recipient" used in this paper.

with the prescription; and the client can overcome dependency on the consultant and begins to function independently.

- Process consultation is a way of diagnosing and intervening when the above mentioned conditions cannot be met, and when the organization's culture is not well known, to avoid interventions incongruent with it. The critical difference between the last model and the other two "is that the consultant's expertise lies in his ability to involve the client in defining the problem, and in structuring the relationship such that the help provided is genuinely relevant to the client's needs. This model rests on the central presupposition that problems in organizations are so complex, and the information relevant to their diagnosis is so concealed, that a correct diagnosis can only be achieved if the client is fully involved in the diagnosis process itself."

It is evident that the 'doctor' consulting has been most common approach, although lately there has been a movement toward 'content expert' consulting to satisfy the managements' illusionary drive for results. It is evident that 'process consultation' is the preferred approach as the most effective. (Talvitie 2006).

Authors are of the opinion that based on 'process consultation' model a new approach to institutional consulting is to be promoted in which the Recipient has a key role. The following three bullets encapsulate the solutions need to be developed:

- With the help of trained local consultants or "Technical Communication Officers" mentioned above the recipient country professionals should write the (first drafts) of TORs, for goals and objectives, sector policies, mission statements, development strategies, and multi-year programs for discussion in order for the donor to fathom an understanding of the Recipient's thinking and stage of development. From this starting block and the ensuing discussions the Recipient should evolve the final versions to which it would have a much greater commitment than is presently the case. This would take time up-front, but the end product is better and achieved quicker.
- It is important to initiate an understanding within the Recipient that technical consultancies cost. Grants—at no cost to the client—can create the impression that the grant's products have no value.¹³ Therefore, requirements for compliance with loan/credit/grant agreements have to be emphasized and carefully monitored by the donors that would force the Recipient to be initiator of technical assistance (when the need is obvious) and have a key role in its management. The role of the local professionals, especially the "Technical Communication Officers" in this case is crucial.

¹³ Freud's maxim that "if they don't pay, they don't get cured" holds true also for technical assistance.

- Because institutional development takes time, the Recipient should set the time table for the goals and other development objectives and means toward achieving them once the above process has established. Yet, it is necessary to keep in mind that the process will not be linear, there will be occasional backsliding and oscillation. Such events should be viewed as an occasion to re-evaluate the goals, objectives, policies, programs, and the like.

DESIGN STANDARDS

Design standards in transport projects are recurrent and a particularly vexing problem. There are several issues: which standards to follow in a transition country without own standards; how to move towards Western standards (especially in the Eastern European countries); how to mediate with consultants who want to use the standards of their country of origin; what level of complexity should the first edition of standards have; how to deal with lengthy approval process of standards and the project implementation time table requirements, and others. Two vignettes in the box below is an illustration of the issue.

Case 6

In country E the geometric design standards were inherited from the Soviet era. The Class I roads had 3.75m wide paved roadway and 3.75 m unpaved shoulders (paved roadway for the trucks and unpaved shoulders for the tanks!). The standard for Class IV roads were gravel roads, 10 m wide. Obviously, both designs were unacceptable. The Class I road would have quickly developed drainage problems and safety problems, but paving shoulders would have increased costs. And, who would decide in this case?

The matter was made more complex because the design was paid by a different donor than the construction. The resolution to the dilemma was to pave a narrower shoulder with a lesser structural standard. The drawback was that the solution was not institutionalized and the problem has not been solved.

The lower class roads presented a different problem. A 10 m wide gravel road could not be maintained in form and with functioning drainage. As a pilot, a narrower 6 m road was designed for the prevailing low traffic. However, the selected contractor refused to implement the design because it was against the official standards! Again, *modus vivendi* was negotiated. The result was a 6m wide road with drainage for a 10 m wide cross-section; obviously an unsatisfactory solution.

Both vignettes indicate the importance of the approval protocol and the authority to enforce the new (interim) standards.

There are two extremes at the start: design standards do not exist at all, or the standards are too high or not adequate and technically or financially impossible for the country to observe. There is no clear solution for either case. Often, the donor imposes the requirement that “Western standards” override the local ones in the design. This may not be a cost-effective choice because it normally leads the consultant to use the standards and material selections

in its country of origin. A corollary result is that, due to the high costs, only a few roads can be rehabilitated or built and many lower class roads remain impassable year-round and the communities cut of the services and markets. A long term consequence is that road administration will not maintain the improved roads because of their good condition until they are in as poor condition as the rest of the network. It follows that a new road rehabilitation loan or credit becomes necessary.

A related problem is that, as a rule, the economic analysis methods are project-specific, and exclude network wide consideration, both financial and technical. Network analyses are often precluded simply because of the lack of system wide road data. The Recipient rarely understands the value of data supported analyses and road programs; a few kilometres of improvement is always preferred to acquiring road system data, even if the latter would pay for itself in one year. It is here that the value of the “Technical Communication Officer” with at least basic knowledge of economic analyses¹⁴ becomes critically evident.

Without further belabouring the issues, the authors make the following recommendations to address the issue; many of them can be carried out in parallel in a time frame of one year:

- The Recipient and the donor must discuss and agree on the road sector priorities (main roads, local roads, and importance of year-round access) and the likely available financial resources in a 5-yr time frame.
- Because of the customary paucity of road data, design and survey a smaller targeted sample to gauge the condition of the road network (paying attention to climate and geological zones, road classification and length, population served, and the government priorities in choosing the sample).
- Review the current standards, both geometric and structural to get a grip on road improvement costs.
- Use a simple model to analyze options: high standards vs. length of network that can be improved (in essence the life duration of the intervention); allocation of funds between road classes (again life time of the intervention is an issue); population served by the options, etc. including options prioritized by the government
- Agree with the Recipient about the process of design standard approval, who has the authority to decide, to what network or roads the new standards apply, and how the change in design standards is processed administratively (and quickly), and institutionalize the procedure.
- Based on this information, the Recipient, supported by the donor, need to employ a consultant to develop quickly a proposal for interim design standards to be reviewed again in a few years. Approximate costs of application of the standards should be part of the proposal, including transition to the new standards. It is likely that

¹⁴ Many countries receiving donor aid assistance for more than 15 years do not have capacity to estimate Economic Rate of Return for infrastructure projects.

transition to new higher quality standards can be accomplished by stage-wise improvements. . There is much information available in the profession.

- Maintenance standards should be an explicit part of the package.

PROCUREMENT AND MANAGEMENT OF CONSULTING SERVICES

Procurement and management of consulting services are also problematic. For example, the TOR (terms of reference) is developed with strong assistance from the donor, and the Recipient may interpret the aim of the consultancy differently than the donor, even though there is an agreement on the TOR; or, when the Recipient's evaluators do not have much knowledge on the subject matter and have only limited knowledge how to evaluate, they tend to favour consultants whom they know or have special relationship, or receive veiled suggestions from the donor. Often the result is a lengthy back-and-forth with the donor procurement staff, time is lost, and consequently not only the consultant staff must be changed because of other commitments but also much less time is available for the work itself causing the overloading of the Implementing Unit's staff. On the donor side, its procurement staff may be unfamiliar with the sector and pedantic following of the procurement rules cause costly delays.

There also are significant side themes in procurement: presence of corruption in many countries; push by the donor and developed countries to have their products or consultants selected; conflicts between donors over the terms of reference (TOR); lack of monitoring and evaluation of the consultant products during consultancy (although that varies between donors); lack of understanding and involvement of the procurement professionals in the project; and several other issues that vary from project to project. Vignettes in the box describe several experiences in several countries.

Case 7

1. A ministerial staff was involved in evaluation of proposals for a training program with very limited knowledge how to evaluate. The PIU did its best to improve the ministerial staff's skill in evaluation technique and developed detailed instructions based on the donor's procurement guidelines. However the staff's evaluation was inconsistent and different from the PIU's evaluation. After donor review of the Evaluation Report it was referred for re-evaluation on suspicion of evaluator collusion (or even corruption). A re-review and its assessment by the donor resulted in a change of the evaluation team. Finally an acceptable evaluation result was obtained. However, significant delay was caused of the planned 12 month training program implementation only 6 months was available because of the project deadline. Prior capacity training of the evaluator team (which should not include a minister or other high officials), or better, donor-aided choice of consultant would have speeded up procurement and improved the final training outcome.

2. An evaluation of a consultancy bids was disapproved by the donor's procurement manager and caused three rounds of re-evaluation by the Recipient. No satisfactory evaluation was achieved. Finally, the procurement manager imposed final evaluation points by fiat and the financial proposals could be opened and the consultant was elected. The re-reviews did not change the final outcome; the same consultant would have been chosen even after the first evaluation. Significant delay was caused. Because of the delay, the consultant's project manager and team had to be changed. The road works, which were part of the consultancy, had limited supervision for the first four months, and the training embedded in the TOR was delayed. The overall outcome as negatively affected. Admittedly, the Request for Proposals (RFP) was not clear on the key expertises required, but the similarity of the expertises in the proposals indicated that the bidding consultants had understood the requirements. It would have been better allow the donor's team leader to accept or reject the Recipient evaluations and hold him accountable for the outcome. Now the accountability is blurred.

3. Rehabilitation of the middle segment of road project, consisting of three consecutive segments (lots), was about to start in a country. The construction contractor had mobilized. The two outer segments of the project, supported by different donors, had already been completed with a 13.5 m width. The design of the middle segment, done by a different consultant (and from another country) had only a 9 m width. The Recipient's manager asked the contractor to redesign and rehab the segment with 13.5 m width. The donor's procurement manager refused to give 'No Objection' because there were some units and quantities with unit costs not in the original contract. Instead he advised to build a shorter but wider road with the original units and quantities. This was obviously absurd. After a lengthy discourse the donor finally agreed to pay for the project. Clearly, the donor's team leader should have been held accountable if improprieties were found. The case also shows the importance of donor coordination.

Because procurement occupies a central position in project implementation, the project should be carried out by a team that includes persons knowledgeable both with the procurement rules and the subject matter. The authors simply propose the starting blocks for the exercise:

1. The TOR must be developed by the recipient country professionals (again the value of the "Technical Communication Officer(s)" and the Aid Coordination Unit is indispensable).
2. For procurement the "country systems" (that is the country's procurement laws) should be improved and used to the extent possible, and the experience in their use drawn on in changing and international harmonization of the "country systems"¹⁵

¹⁵ When a donor enforces its procurement laws, systems and guidelines for its project only, in the interest of fairness and anti-corruption that does not eliminate unfairness and corruption at large, but rather prevents the donors from discovering the mechanisms how unfair practices and corruption are functioning in the country outside the project.

3. The contributing donor must play a greater role in evaluating the proposals and supervising the consultant works as mentors to the PIU and the ACU.
4. The donor team's procurement officer must be accountable to the donor's team leader responsible for the project management, and only secondarily to the procurement manager who often has a narrow view of the issues involved.

FINAL WORD

In development projects—like in all transport sector projects—there is only one problem, but it is huge; everything is connected to everything else.

There are numerous papers, written by the professionals in the donor institutions and by their critics, which consider the issues addressed in this paper in abstract and often in academic and world-embracing terms. But there are less than a handful of papers that deal with the details of development project management. The old truth “the devil is in the details” is too unexciting and mundane to be writing about. Yet, managing project details is the way to advance toward the truly immeasurable target: the results. The paper is written by those –and for those—who have dealt with these details for many years.

In this paper the authors have separated from the whole important issues and practical problems, the rarely spoken “details” in aid to developing countries, and addressed them in a hands-on manner. The authors believe that these issues are important and need to be discussed more thoroughly and honestly than currently is the case. They are far more complex than the prevailing single-minded “focus on results” mentality pretends them to be. The “right” process management will find workable solutions to these issues – which cannot be type “one-size-fits-all”– using a different kind of approach to Recipient-donor relationship and Recipient-oriented consultancies. Effective recipient-driven project management, Recipient-donor coordination, and Recipient-oriented process consultancies can provide the right combination to yield real, tangible and beneficial outputs, which will transform into enduring results over duration beyond the project's closing date. The vignettes in this paper are from the “real world” although we have modified them slightly to protect privacy; the reality is in fact more ghastly than the text.

After reading these vignettes the reader may ask, so what? What is the solution to the problem? The authors do not provide ready-made solutions (although there are solutions for some cases in the text). The method is the technique of engagement between the Recipient, Donors and other involved actors. Articulating the goals and objectives is the easy part; managing the problems—known, unknown known, and the truly unknown—and dealing with the resistances that “pop up” in working toward the development objectives is the difficult part. Using vignettes the paper authors aim to attract attention of those who deal with problems that real world events, politicians, Government decision-makers, officials and agents, Donor professionals, NGO functionaries, beneficiaries, the adversely affected, and others present and that are an inevitable part in development work.

Some Managerial and Technical aspects of Transport Sector Development Projects
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People in the recipient countries and the donor country taxpayers spend large sums of money in development projects. Therefore, effectiveness and efficiency of the money spent is highly important. “Details” considered in the paper are not of insignificant importance as they influence the quality of benefits of development program/project outcomes and impacts. The authors are confident that in many cases honest and unbiased assessment of specific situations would change practices, often significantly. It would be useful to the aid-giver profession to engage in story-telling of the development experience. Good solutions—and indeed beginnings of new theories—are likely to emerge from the stories rather than from the application extant theories in the text books. There is a need to share development experiences and “solutions” chosen, good and bad, effective and ineffective, among professionals and discuss them openly.

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