



MIF Retrospectives

Notes from the Field: MIF Projects and the Real World

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By Betsy Murray



The Multilateral Investment Fund

MIF Retrospectives is a series of monographs penned by MIF staff that covers various thematic activities undertaken by MIF in recent years.

The fourth contribution, **Notes from the Field: MIF Projects and the Real World** by Betsy Murray, MIF Specialist in Costa Rica, discusses project management and the challenges that go along with it.

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Project Design: Where Planning Meets Reality

We continue to learn a great deal working with our local and international partners during the design and implementation of MIF projects. One important lesson learned highlights the need to share up-to-date information on MIF eligibility requirements with as many potential stakeholders as possible. This information helps IDB field offices to better identify potential partners that have objectives and missions that are consistent with MIF eligibility. This helps to reduce the number of ineligible queries, which can range from requests for funding land purchases to entities asking for expenditures associated with welfare agencies, and everything in between. Clarity in eligibility saves time, and reduces misunderstandings with potential partners. The trend toward project clusters, or funding groups of thematically related projects, has helped MIF field specialists in guiding potential project partners and underscores the importance of better information on MIF eligibility.

At the beginning of the project cycle, the observation of Danish physicist Neils Bohr is a good starting reference: “Prediction is very difficult, especially about the future.” Given the complexity of project implementation and the fact that plans are definitely subject to change, it would seem that humility and flexibility are desirable traits for new project teams. But all too often, enthusiasm, undimmed by a lack of local knowledge, spawns self confidence verging on hubris in beginning project teams. Often lacking an implementation group to begin the project, project teams will place great faith in plans and the availability and capacities of consultants slated to be identified sometime in the future.

Of course, plans on paper, along with terms of reference, are important for providing logical outlines and projected routines for managing a project. These are often written by consultants with expertise in desktop surveys, or other experts with technical experience in a particular subject, or yet others who have analyzed partner agencies. But consultants with expertise in surveys and technical analysis, however knowledgeable, usually provide theoretical support without a practical sense of project implementation. Further, consultants that are brought in to collect and report information on executing agencies, personnel, risk profiles, technical issues, local conditions, often leave the project when their job is done. Valuable tacit knowledge is thereby lost to the project supervisor.

In general, our experience has yielded a few tried and true principles:

- There is no substitute for a solid project manager – he or she can overcome a lack of information and holes in the initial implementation plan.

- Project risk analysis should be performed with the project design team and the implementing agency; a consultant can lead the process, but shared knowledge is a key factor in making better decisions in response to changing project conditions.
- Drafting terms of reference during the design stage, for work to be performed much later in the project, is *only* useful where a team is flexible and avoids locking into what may turn out to be an inappropriate course of action.
- It is best to go outside for specialized practitioners for highly technical tasks in new fields; these consultants provide creative input into the design process and help ground the project in reality.

Going Regional: The Challenges of Multi-Country Projects

Over the years, MIF has financed many regional projects. Some are confined to geographical sub-regions, such as the Caribbean, Mesoamerica, the Andean Region or the Southern Cone. A few regional projects cover all MIF countries, while others have multi-country participation from different sub-regions. Regardless of geographic composition, an early question in all regional initiatives is whether the project's objectives are equally shared by all participating countries. This will determine the degree of standardization or innovation promoted in each country. In a multi-country project with heterogeneous cultures, a goal may be to implant the new concepts, but different methods will be used to execute the project in each country. In other cases, such as the sub-regions of the English-speaking Caribbean or Central America, small country size may limit the scale of many national projects, but similarities among countries can present regional opportunities to exploit economies of both scale and scope.

MIF has funded regional projects with public sector partners in order to promote economic integration. These projects have generally involved public goods, and their success has been a function of both the political environment and relative relations among participating countries. In many such projects, a disconnect exists between the technical objectives of the project, and policy leaders who must deal with political issues in their zone of influence. In such cases, respected, high-level consultants can broker strategies to keep project objectives in play, while redefining implementation strategies in response to shifting political priorities.

Regional projects have enjoyed the greatest success when run by established supra-national entities that have as members all of the countries in the project. Further, these organizations have administrative structures that can streamline project operations, such as in hiring consultants and distributing counterpart funding requirements among participants. Another regional execution model involves one country managing a collection of national projects in a regional project. The typical downside to this arrangement is a long start-up time and difficulties in trying to launch projects simultaneously. Moreover, in many such instances no one is assigned to undertake initial

procedures, such as overseeing contracting rules that must be followed at the outset. This greatly slows project execution.

The supervision scheme for regional projects varies according to the dynamics of each project. Where there is a supra-national body, most contracting activities will be centralized, and many technical issues will be dealt with in physical meetings in the host country. Where there is a decentralized implementation mechanism, periodic country visits are needed to assure quality supervision on the part of implementing agencies. In a national project, the most important element for execution is the project manager. In a similar vein, it is the supervisory capacity of a regional implementing agency that is the most important aspect of execution for regional projects.

Deciding whether to design a regional project, or a series of national projects, involves several trade-offs. Regional projects offer the potential for scale economies and are ideal for activities related to integration and regional public goods. But going regional presents a host of complexities. Where the locus of control resides in an executing body that is located in one participating country, the others may feel a loss of national identity in the project. Divergent legal and regulatory requirements, different cultural perspectives, and the ubiquity of politics all challenge timely and effective execution in regional projects.

National projects may offer greater coherence, but can make less sense for technical matters that have a regional significance, whether it be trade and integration, or related issues such as standardization and regional public goods. In terms of the private sector, regional projects are useful for promoting the harmonization of activities related to new productive practices, such as in sustainable tourism, where a certification and accreditation process based on globally recognized standards is very important to the competitiveness of small hotels and tourism operations.

Project Start-Up: Useful Tools and Common Pitfalls

The greatest risk facing MIF technical cooperation is not that funds will be misused or that other kinds of moral hazard will threaten the project. The greatest risk facing our projects is less dramatic, but no less serious, and that is that *nothing happens at all*. It is very difficult to begin project implementation in the months just following the signing of a project agreement. Even where a team is assembled prior to signing, time is needed to build that team's effectiveness, organize an implementation plan and to launch activities. A high level of innovation in the project demands motivated and dedicated project managers and a competent team, as well as top-flight national or international consultants. Any changes in a team alter its dynamics. Individual roles may change and responsibilities may shift. Training and re-training, along with reviews of the conceptual framework and work plan are essential. Fumbles at any step along the way can induce a sense of inertia at the beginning of a project that can settle in and hamper its efficacy throughout its execution.

There are a few common pitfalls that can face teams at the start-up phase of a project. These include:

- **Lineal management:** Project teams with limited capacity or experience in project management often implement activities in a linear fashion, rather than contracting and managing multiple actions simultaneously, and thereby miss project synergies, such as applying a single consultant contract to cover activities in different components.
- **A lack of knowledge in the hiring process:** Terms of reference often repeat basic requirements from project to project, and can be adopted to meet project-specific requirements. Yet novice project managers typically have no idea how to prepare terms of reference or know how and who to hire. Typical pitfalls include hiring consultants who fit the corporate culture rather than ones with the practical skills needed by the implementation team, or the common mistake of listing unnecessary requirements for some types of consultancies (e.g. 20 plus years of experience, publications, a Ph.D. degree, etc.).
- **Underestimation of time needed for consultancies:** Information collection generally takes the most time, often requiring formal introductions and agenda scheduling with support from the project implementation team. It is common for teams to adopt an overly rosy view of the time needed by consultants to complete tasks.
- **Contracting full time foreign consultants:** Hiring foreign experts to be present full time can lead to several risks, including: i) that the executing agency will delegate full responsibility to the expert and largely abandon management of the project, ii) that the expert will become overwhelmed by administrative details and be unable to focus on technical matters, and iii) that the consultant becomes absorbed by the organization, and thereby is no longer seen as an external expert whose recommendations are important.

An antidote to lineal management is for inexperienced project managers to understand that a project's logical framework, or its conceptual basis, is different from the project work plan (sometimes called an annual operating plan). The implementation team must decide upon the sequence of planned activities, and whether they will need several different consultancies, or if different activities can be combined into a single consultancy with greater coherence and simplicity. Moreover, time planned for activities should reflect the real world. Staff in country offices are glad to advise on this matter based on their experience and knowledge of local conditions

Hiring is crucial. In addition to reviewing curriculum vitae (C.V.), it is important to prepare an effective interview tool to help determine who can do the best job.¹ Interviewing is very important for assessing the skill mix and attitude of long-term consultants or personnel. Talented younger candidates may not list their special skills on a C.V., while older candidates have a more varied background and greater number of references and contacts to validate their expertise.

¹ Sample questions are available on the Internet. See for example, <http://www.job-interview.net/>

Terms of reference should not be skewed to favor either young or old candidates, or set minimum expectations too high. Profiles are often written with so many requirements that a person with several decades of experience in five different fields could barely qualify. Minimum requirements should define the actual minimum acceptable; if a Masters or Ph.D. degree is not necessary, then these should be dropped. Too much time is wasted on unrealistic selection processes because no candidate appears to fill the requirements. For short-term technical jobs, requesting a technical proposal from a potential individual consultant can help separate those able to do the job from those who cannot.

When contracting consulting firms to perform complex jobs, an informational meeting with the firms held one week after the initial invitation can improve the proposals received and lead to consortia and sub-contracts. After opening the technical offers, a brief presentation made by each firm on their proposal can facilitate the technical review process and help to determine if the proposal fits the terms of reference. Proposal writing skills are limited in many countries where MIF works. Offering applicants model documents and basic structures (work breakdown structures, experience listing formats, CV information requirements, simple schedule and budget formats, etc.) helps consulting firms to comply with the instructions and compete in the selection process.

Executing agencies tend to hire national consultants because of their lower cost and often because of national pride. MIF promotes the use of local consultants when they meet job requirements, and generally uses international consultants for short-term work where it is necessary to transfer technical knowledge to local consultants or partner institutions. Many MIF projects also include a component for building skills needed by local consultants to work in innovative areas. Hiring a high level technical consultant for discontinuous days over a longer period can be useful for monitoring executing units and external consultants, thereby promoting sustained implementation activity.

Baseline Studies

MIF now requires baseline studies for projects. The benefits of these studies include improved knowledge of the beneficiary population and better indicators for monitoring and evaluation systems. Challenges arise when trying to find a consultant or firm that understands technical assistance projects, as opposed to market research or economic analysis. In addition, the costs of collecting information can be high.

For projects with a clear and previously identified beneficiary group, a baseline study can be done fairly easily. For those being launched in a new area and that aim to establish a demand for new services, performing baseline studies will be more difficult. Further, the information needs of new initiatives will grow as projects develop. Moreover, we are making progress, but have not yet developed a truly rigorous scientific evaluation system. Control groups generally do not exist to help measure the relative impact of a project. This is not difficult to understand: small businesses that are not part of a MIF project, or the “experimental group” in this case, and that may also be competitors with firms in the

project, are unlikely to share confidential information so that we can validate the project. Indeed, it is hard enough to get information from active participants when trying to measure project benefits. As always, trade-offs exist. In this case, the challenge is to balance the cost of collecting data for monitoring and evaluation systems, with the need to improve performance and achieve results.

Evaluations

By the mid-term of a project most design flaws, the result of earlier deficiencies in information and shaky hypotheses, become clearer. Mid-term evaluations are an excellent opportunity for an outside expert to review a project's conceptual basis, implementation progress, and potential for success and sustainability. This technical support is useful for helping to re-design projects and can help the project implementation team to re-think the project's strategy and tactics. Flexibility is also requested of MIF Donors, so that beneficial changes can be made in implementation plans and indicators. Otherwise, adherence to the original plan can lead to "*Activitis*," rather than a pragmatic search for improved results, and the project implementation team can get lost in a morass of actions leading nowhere.

Who is the Beneficiary - Really?

Projects aim to achieve behavioral changes in beneficiaries. Yet too often project design is almost completely uninformed by the culture, beliefs, education, openness to newer technology, or the communications capabilities of beneficiaries. We speak of "businesses", but often forget that these are really a group of individuals that we neither know nor understand. We may have little knowledge to inform us if our intended beneficiaries really understand their own shortcomings in business acumen, or if they are really interested in learning to improve their skills².

From Hearing to Listening: Projects and Communications

Project managers often assume expertise in areas beyond their experience. This is particularly evident in the areas of communications and media. Many managers leave communication activities to the end of a project, thereby dampening interest in the initiative in the market and among beneficiaries. Delays in project start-ups can greatly affect communications strategy by slowing results and hampering the production of case studies and testimonies. All of these can lead to lower than expected project outcomes.

Communication is a function of culture, context and trust. In some instances, project teams could benefit from anthropological support to help better communicate a project's objectives and benefits, especially to vulnerable populations that do not fit a typical

² The issue of culture and folkviews are beyond the scope of this paper. But the implicit assumptions of our technical proposals are often not fully shared nor understood by our presumptive beneficiaries. For instance, in many indigenous tribal structures it is the chief who decides the course of action, regardless as to whether this action is consistent with the aims of the project, be it implementing modern principles of sustainable tourism, quality management, eco-efficiency, etc.

business profile. At other times, the messenger becomes the message: it is well known that business people listen more to trusted peers than to conference speakers or outside experts. A major lesson learned is that all communications strategies must be based on knowledge of the target audience, and critically, upon trust.

Training and Follow-Up

The full scope of training programs needs to be analyzed. In the world of development assistance, millions of dollars have been spent on disconnected conferences, workshops, and courses. Most of these sessions have no follow-up, and their impact, if any, is often limited. We need better feedback from trained beneficiaries, and training should be seen not as an end itself, but as part of the ongoing improvement of individuals and firms. All training should set objective measurement for achievements. The breadth of training is important for motivating new participants, but the goal is the depth of learning in order to achieve lasting changes in successful businesses.

Risk Analysis

We have recently begun to use risk analysis during the design process, and continue with it during implementation. Project supervisors should be involved with this important tool and need to understand risk management planning. Cool heads must prevail in this process, after all, not all potential risks are project threatening. Each risk should be assigned a realistic priority for mitigation. Further, we need to continue developing simple and useful tools that executing agencies can use to improve project performance.

The Role of MIF Supervision

Good project supervisors from MIF play several roles. They are at once coach and trainer, “operational auditors” of sorts, and help lagging projects to improve. MIF specialists can also promote better communications between the project implementation team and their own stakeholders, such as a board of directors or advisory council. Project implementation teams can sometimes operate as a satellite of an organization, especially if the team has highly qualified technical staff, and the organization is not involved in daily project activities. However, the team must ensure that the beneficiary organization stays involved in the improvement process to ensure project sustainability.

MIF has very close relationships with executing agencies in small countries. With the advent of “mini-MIF projects” (under US\$150,000 of MIF grant resources), we now work with more counterpart organizations located outside of capital cities. This can limit personal contact between projects and the MIF specialist, although e-mail and information technology has greatly enabled contacts with the Bank country offices in capital cities.

Training for Project Management

In project management circles it has been noted that, “good judgment comes from experience, and experience comes from bad judgment!” We have tried many different types of training in the area of project management. These programs range from various types of tutorial sessions for individual project teams, to group sessions, to several hybrid sessions. But there is no substitute for experience. We have found that the next best thing to experience itself is to mix new and more seasoned managers together in training sessions. A useful tactic is to request presentations from mature projects on a specific topic, such as “Designing Terms of Reference,” “Monitoring and Evaluation,” “Risk Analysis,” or “Management of Regional Projects.” These provide opportunities to share experience, tips, electronic files, information systems, and options for consultants. Training on IDB disbursement procedures also needs to be repeated frequently. The initial disbursement is usually sufficient for several months’ expenses, and the lag time between the initial training and the actual preparation of the document seems to promote amnesia.

Reporting Results

There is an overwhelming tendency for project managers to report on administrative matters, contracting actions, and expenditures – rather than on results. There tends to be an inverse relationship between project results and the size of reports: the less a project has accomplished, the larger the report. In the first 12-18 months of a project, the bulk of activity involves basic organization and establishing contracts. After that, project managers begin to think about achieving expected results. Periodic reports should be based on the conceptual framework and indicators, and focus on the achievement of annual operating plans.

Conclusions

Among the many lessons that we have learned are that project management is dynamic, and flexibility and humility are necessary to operate in such an environment. Further, what can be measured can be improved, and that when strategies do not work, they need to be changed in order to reach (or come closer) to the agreed-upon objectives. New ideas, technologies, and methodologies to improve living standards and the quality of life need time to take hold, and the lifespan of a typical three or four-year project may not be nearly enough to achieve such changes. In fact, the most lasting changes are likely to manifest themselves well after the project is over. Beneficiary populations vary, and different approaches must be tried to have any chance of success. We have also learned that worn-out and unworkable ideas have an uncanny survivability; and too often surface in projects from many different donors. In addition, valuable lessons learned may not transcend the limited group touched by the project activities, or may not go beyond an implementing agency – particularly when its leadership changes. Knowledge is fleeting, and easily lost, but it is our challenge to capture it.