
DEVTECH phere

DEVTECH SYSTEMS, INC.
Autumn 2000

BALANCING STAKEHOLDER AND CLIENT DEMANDS

The challenges of implementing an overseas project with a large number of stakeholders can be daunting — and not always for the reasons anticipated. The Vocational Education Project in Honduras provides some interesting examples of these challenges. The project has two primary activities. The first is the construction and equipping of new vocational education centers that will join the CADERH (Centro Asesor de Recursos Humanos de Honduras) Network. The second is providing technical assistance to improve vocational instruction in the 25 existing centers that currently belong to the CADERH Network. A primary challenge has been to promote positive economic and social development while satisfying the client (in this case, USAID), the project contributors (builders, nongovernment organizations [NGOs]), and the ultimate stakeholders (vocational

Continued on page 2 ⇒

DILEMMAS OF THE ETHICAL DEVELOPMENT CONSULTANT

Maintaining an appropriate (that is, high) level of ethical behavior can be difficult for a consultant who is faced with a client who does not adhere to the same set of values. The key to successful consulting is to hold fast to your convictions despite the risk that you may lose a client or two; in the long run, the ethical consultant prevails over those whose standards bend to the whim of whoever is paying them.

Despite the fact that a consultant is called upon precisely because the client does not have her wealth of knowledge and experience, there are many cases in which the client prefers some solutions to others for various reasons. One reason may be political: The client might believe that there is a technical solution to the problem at hand that would avoid the political costs of implementing the logically preferred solution. Another reason for the client's preference may be merely technical: The client has a certain level of knowledge in the field and wants the consultant to push a pet project or solution.

***IN THE LONG RUN, THE
ETHICAL CONSULTANT PREVAILS
OVER THOSE WHOSE STANDARDS
BEND TO THE WHIM OF WHOEVER
IS PAYING THEM.***

A third type of reason is more troubling and it appears when the client prefers a given solution because of political concerns even though the solution clearly runs counter to technical expertise. This case is typified when a consultant is hired to evaluate a given project — whether at the design phase, at mid-term, or upon termination — and is made aware that the client is looking for a positive outcome, a noncritical or minimally critical assessment. The consultant, whether with a firm or a freelance expert, will be hard-pressed to contradict the client and risk losing the contract, the concomitant revenues, and more work in the future.

Unlike physicians, consultants are generally not held by something like the Hippocratic Oath. The guiding ethical principle of a physician's professional practice is the welfare of the patient as judged by the physician. A certain patient may contradict his physician and want either a different treatment or to hear a different diagnosis. Nevertheless, we generally expect that the physician's opinion will prevail — he is, after all,

Continued on page 3 ⇒

BALANCING DEMANDS

continued from page 1

students and the businesses that may hire them).

Constructing under the Uniform Building Code of the United States in a developing country offers a variety of technical challenges. But in Honduras in 2000 there are other challenges, not the least of which has been competing with other donor-funded projects involved in Mitch reconstruction. The in-country base of qualified construction contractors has been stretched thin by the multiple projects that all have to be completed within very rigid timeframes.

The fear had been that construction firms would not be willing to pursue contracts with this project. Knowing that they would be held to higher standards of performance, would be subject to continual inspection by highly competent engineers and architects, and could only win a contract in a completely transparent bidding environ-

A PRIMARY CHALLENGE HAS BEEN TO PROMOTE POSITIVE ECONOMIC AND SOCIAL DEVELOPMENT WHILE SATISFYING THE CLIENT, THE CONTRIBUTORS, AND THE ULTIMATE STAKEHOLDERS.

ment, and with so much other work to bid on, why would they respond to DevTech's solicitations?

That fear turned out to be unfounded. Not only have qualified construction firms been interested and responsive, they have been willing to invest time and personnel in attending mandatory prequalification workshops on the construction requirements for this project.

The motivation for these firms is not only the desire to win new business. They also want the opportunity to prove their competence and improve their capability to work with international donor and multinational organizations.

RECOGNIZING AND RESOLVING CONFLICTING PERCEPTIONS OF NEED

An unexpected problem confronted DevTech in determining, not who would build the centers, but who would run them. Each vocational education center that belongs to the CADERH Network is independently operated by an NGO. Before any construction can begin, the NGO has to develop a proposal that addresses specific criteria. The most important of these were a study of the current and future job market in the region to be served and a five-year detailed budget that clearly identified revenue sources and expenditures. These two activities proved daunting for many of the NGOs interested in bringing a vocational center to a specific community.

Convincing some NGOs of the need to conduct a survey of the current and projected job market has been surprisingly difficult, primarily because of conflicting assumptions about the mission of a vocational center. Many of the NGOs wanted to emphasize in their proposals general economic need, especially the poverty and unemployment affecting their communities. Others, frankly, were concerned only with keeping young people off the street and out of the growing number of gangs that plague many marginal communities. The NGOs' focus was on what happens to students while they are attending the center. For DevTech staff and consultants, the focus was on what would happen to the students after they graduated from the center.

This mismatch in unarticulated assumptions resulted in proposals based on what students wanted to study rather than the demand of the labor market. Once we recognized the disparity between their assumptions and the project needs, we were able to work with the NGOs to help them define their needs vis-a-vis the labor market. The result was that the technical areas requested in the initial proposals shifted from areas like cabinet making and domestic sewing to refrigeration, electronics, and plumbing.

CONVINCING SOME NGOS OF THE NEED TO CONDUCT A SURVEY OF THE CURRENT AND PROJECTED JOB MARKET HAS BEEN SURPRISINGLY DIFFICULT.

The ensuing process of developing a detailed budget also led several NGOs to realize that they had neither the human nor the financial resources to successfully operate a vocational center. DevTech is currently working with these NGOs to identify additional sources of revenue available to them and to develop workable and reasonable budgets. This has included training in strategic planning, business plan development, financial management, and monitoring systems.

Balancing stakeholder and client needs and desires as well as helping to better focus the Hondurans' perceptions of the role their votech centers will play in building a vital workforce for a stronger economy in the 21st century has been a major, and somewhat unexpected, challenge of this flagship project.

— Ronald E. Saunders
Project Manager, DevTech Systems

THE ETHICAL CONSULTANT

continued from page 1

not only the expert but also sworn to heal — even at the risk of losing the patient as a customer.

Likewise, engineers are generally expected to act in an ethical manner. They are the hired experts in their fields, they have a stake in the successful outcome of their projects, and, in addition and like physicians, they have persuasive legal reasons to recommend the best solutions, even to the extent of prevailing over their clients if the latter insist on solutions that are not technically sound.

Why, then, should we not expect the same type of ethical commitment by other consultants? Like physicians and engineers, they are hired for their expertise in a particular area, they often have a stake in the successful outcome

LIKE PHYSICIANS AND ENGINEERS, CONSULTANTS ARE HIRED FOR THEIR EXPERTISE AND THEY OFTEN HAVE A STAKE IN THE SUCCESSFUL OUTCOME OF THE PROJECT.

of the project (if only to increase their own success rate to entice future work), and they may face legal action if they fail to perform to standards. In fact, we *should* expect them to exhibit a high level of ethical commitment.

Well-trained economists are endowed with analytical instruments and methods that allow them to identify, with a certain degree of approximation, the solutions that favor the public interest and those that do not. In fact, economists who take positions contrary to what is accepted in mainstream economics may quickly lose the respect of

their peers, unless such positions are supported by independent research and/or published in respected journals. A serious professional economist would be unlikely to defend trade barriers to protect narrow interests, monopolistic collusion to the detriment of free competition, or barriers to entry for new enterprises. Though economists are not held by a Hippocratic Oath or faced with the threat of malpractice suits, their education and professionalism can usually be counted on to keep them on the ethical straight and narrow.

Consultants in other disciplines can also frequently determine which project or program alternatives better serve the national interest, even if the determination is not always clearcut. The presence of political factors or, worse, factors that have to do more with granting favors to certain groups is often obvious, both in the area of project identification or formulation and in project implementation. For example, a water supply project could be very well formulated but, in the implementation, the corresponding contracts may be executed by firms whose only merit consists of being closely associated with the government.

On the other hand, there might be a legitimate discrepancy between a competent and ethical consultant and a competent and ethical host government counterpart. It is the government, after all, that has the authority to make the final determination and, even if it is wrong, the external consultant has limited responsibility for the final project outcome.

What is the ethical consultant to do when faced with an unethical, difficult, or simply contradictory client? First of all, be truthful. Do not bow to pressure to change your recommendations or dilute your opinions. If you are convinced that

your evaluation of a situation is based on good data and analysis, stick to your guns.

Second, let the client know your opinion. Even if you have to write a personal note and submit it on a confidential basis, state the facts and your sincere beliefs. Behave like the doctor facing a patient who wants to hear good

WHAT IS THE ETHICAL CONSULTANT TO DO WHEN FACED WITH AN UNETHICAL, DIFFICULT, OR SIMPLY CONTRADICTIONARY CLIENT?

news but needs to be told the unpleasant truth. Make the client realize that your advice is unbiased and based on objective facts and analysis.

Third, be factual. Demonstrate why your recommended course of action is preferable for the public interest, and back up your opinions with data. State what alternative courses were considered and why they were rejected.

Abiding by these basic principles might cause us to lose some clients, but it will enhance the credibility of the profession and, as a result, will generate more business in the long run. Needless to say, ethical behavior is what can make us proud of our profession, not technical virtuosity alone.

— Jorge A. Sanguinetti
CEO & President, DevTech Systems

Established in 1984 by economist Jorge A. Sanguinety, Ph.D., DevTech Systems, Inc. is a consulting firm that offers technical assistance in the following areas:

- Macro- and Microeconomics
- Public Finance
- Educational Development
- Labor Markets
- Social Sector Issues
- Modernization of the State
- Institutional Reform
- Statistical Systems

WE INVITE OUR READERS TO SEND THEIR LETTERS AND COMMENTS ON THE MATERIAL IN THIS ISSUE OF THE *SPHERE* TO DEVTECH SYSTEMS' WASHINGTON OFFICE.

The DEVTECH Sphere
is published quarterly by
DEVTECH SYSTEMS, INC.

1629 K Street, NW, Suite 1000
Washington, DC 20006
Tel: 202/296-8849
Fax: 202/296-4884

9350 S. Dixie Hwy., Suite PH-1
Miami, FL 33156
Tel: 305/666-5150
Fax: 305/666-5165

<http://www.devtechsys.com>

The opinions expressed by our contributors are not necessarily those of DevTech Systems, Inc.

© DEVTECH SYSTEMS, INC. 2000

DEVTECH

DEVTECH SYSTEMS, INC.
1629 K Street, NW, Suite 1000
Washington, DC 20006 USA