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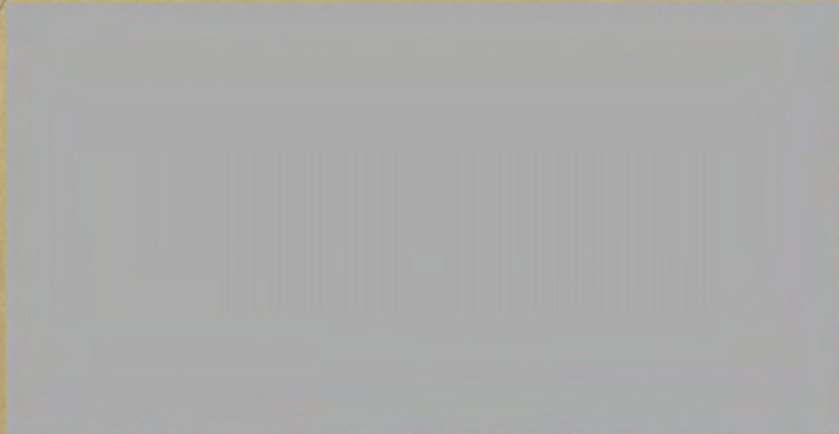


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McNealy

*Recd from Mr Lind Dec 18, 1968
Probably delivered Feb 1969 - Nigeria Seminar*

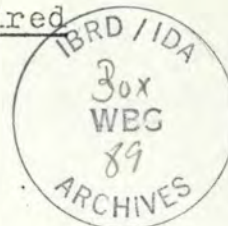
THE NEEDS FOR SPECIALIST PERSONNEL FOR THE PREPARATION
AND EVALUATION OF INVESTMENT PROJECTS

ED1

Needs of Specialist Personnel and the Training Required

by

Mr. Charles MacNealy



A great deal has been said about a point of view and I expect to continue this tradition. Someone has said that "where you stand depends upon where you sit". I sit in the Economic Development Institute of the World Bank, and our existence bears testimony to the fact that we believe there is a need to improve project preparation, and our programme is designed to meet this need, although it is a small contribution.

Each year about 125 persons come to Washington to attend one of E.D.I.'s five Project courses. Only one out of four to five applicants can be accepted. For example, last night I looked at the record for the five countries represented here and found that in the past three years we had received 101 applications and had selected 19 participants. Assuming that Professor Rosenfeld's estimates of needs are reasonable, you - meaning the countries represented here - have to cope with a "training gap". What to do about it is at least a part of the reason for your being here.

First I would like to describe briefly what we do in E.D.I. and then go on to the question of what can be done within your own countries to meet this "training gap".

We have five project oriented courses. One for industry, another for agriculture, and another course for infrastructure and social overhead projects. These three courses are given in English. The fourth and fifth courses deal with projects in general, one is given in Spanish and one in French. These courses are intended

for senior officials - coming from both government and private organisations - whose work involves the selection, preparation, evaluation and execution of projects. The curriculum varies from course to course but basically it follows a predictable pattern - at least it's predictable for those who have dealt with this problem. A typical - if I might say that we have a typical programme, or a typical curriculum - consists of five to six seminars and would include:-

1. A seminar on the concepts of economic growth and the roles of the various sectors in economic development;
2. Another seminar would deal with the basic tools of analysis, including market analysis, economic and financial analysis, benefit/cost analysis, problems of location and size;
3. A third seminar would deal with project development or what is involved from the idea stage to the execution stage. This would include the question of feasibility study, employment of consultants, the question of reports, the applications of our certain techniques, cost estimating, financial forecasts, the use of the Critical Path Method, simulation, linear programming, evaluation and organisation of management, etc.
4. The fourth seminar would deal with the sources and structure of financing;
5. A fifth seminar would deal with government policies - taxes, protection, incentives, foreign investment, government enterprises, and so forth.

In these seminars, case studies and problems which illustrate the use of the techniques are sprinkled throughout the course. The Seminars are also supplemented by field trips which serve to reinforce and to demonstrate the techniques that we have talked about.

In addition to the courses in Washington, EDI also assists or takes part in other institutions' programmes, such as those conducted by the Asian Institute in Bangkok and UNIDO. In addition, the EDI has conducted project courses in such countries as India, Pakistan, Kenya and Iran. These services are necessarily limited by the size of the EDI staff, but can be requested by a country or a group of countries acting together. We can return to the details of curriculum - or the exact nature of the assistance that EDI can give - during the discussion period.

Turning now to the problem of what can be done in your own countries to fill the "training gap", I would like to emphasize that what I have to say on this subject is not prescriptive but rather suggestive. As a preface to my first suggestion, let me make the observation that in my opinion it is wishful thinking to believe that permanent training institutes can be set up in your own countries. The numbers of persons to be trained, as well as the cost, would seem to plead strongly against such a course of action. My first real suggestion then is that you take advantage of the assistance which is already available to you. This will take some planning since such organizations as UNIDO and EDI have limited capacity and a great demand for their services. At best, this kind of training could be used to attack the problem on a short to medium-term basis. The lead time in acquiring these services

is, as you probably know, somewhere in the neighbourhood of a year at the minimum. My second suggestion is for the long term and is certainly nothing new. I think Professor Rosenfeld has, if not explicitly, implicitly made the same suggestion and that is that local universities can be of great assistance. For example, they should be encouraged to add economics, engineering economy and business courses to the engineering curriculum. Perhaps other curricula could also be modified and oriented toward project economy. I might add here that project preparation and evaluation is a multi-discipline profession which requires broader skills than those found in the traditional fields from which specialists are drawn. As you know, it draws principally upon the fields of economics, accounting, engineering, organizational studies and law. Certainly, increasing the breadth of persons studying in these fields is a proper and logical function of university training.

Having dealt rather summarily with medium and long-term training, my final suggestion is one which I consider to be the most important, in that it can be implemented now and primarily within your own resources. It is a training-by-doing proposal. It is simply a matter of having the financing or approving agencies require certain things in project reports. I will give a partial listing of these requirements, but such a list would include;

- 1) the relationship of the project to the sector programmes;
- 2) the identification of the technical or engineering alternatives;
- 3) the financial profitability and feasibility;
- 4) the economic profitability, or justification;
- 5) the basis of estimates;
- 6) a qualitative assessment of the inputs or project needs;
- 7) the basis of evaluation of organization and management, that is, how it has determined that a particular organization has the ability to carry out a project reasonably well;
- 8) some notion of the uncertainty or uncertainties involved in the project.

Requiring that such things be explicitly included in project reports can be administratively imposed at almost any level. It will not produce miracles but if administered wisely by successively raising the standards of reports, the "training gap" could be narrowed. This training involves the introduction of change and could be supplemented by a variety of means. For example, the people involved can be taken on trips to see projects, live projects that are in the process of being built; they can go to the financial institutions, for instance, to the banks; you can hold seminars. I'm not talking about a week-long seminar, I'm talking about a seminar that might take an afternoon, or maybe only an hour or two. And there are many ways in which you can do this: by bringing in people from the university, by hiring and by using visitors to your countries. The World Bank, for example, has a constant stream of missions to all your countries and there are certainly people on these missions who are capable of dealing with certain subjects that you may think need improving.

Now somehow, and perhaps unwittingly, I seem to have emphasized reports as an end and a means of training. If the object of training project professionals is only to produce better reports, the purpose of training may be lost. It is my belief, however, that better reports tend to reflect better preparation and evaluation; they serve as a means of communication, which you all know about; and hopefully, result in a better or improved allocation of scarce resources; it's a form of savings, if you like to think of this in terms of costs and benefits.

One final word on training and then I will be finished. I don't know whether to label it a warning, or a bit of wisdom, or a cliché that bears repeating. It is this: No training will be effective unless the administrators - be they government or private-demand well-prepared projects and refuse to accept low grade substitutes. Pressure from the top is a sure way of progress.

This concludes my remarks on training and I will be glad, at the proper time, to elaborate or discuss in more detail any aspects of my presentation which I might have glossed over or treated too lightly. Thank you.