

MEKONG UPDATE



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The Australian Mekong Resource Centre was established at the University of Sydney in late 1997 to promote research, discussion and debate on development and environment issues in the Mekong Region. The AMRC is a focal point for information, dialogue and activities in support of an equitable and sustainable development path for the Mekong Region.

The **Mekong Update** provides:

- news of current developments in the region
- news of research activities
- regular information on Mekong-related conferences and events in Australia
- an update on the activities of the Centre

Subscription Details

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EDITORIAL

Knowledge is the stuff of Universities. In the information age, knowledge is also increasingly the stuff of economic well-being. Consultation is an important prerequisite to successful, equitable and participatory development, and more broadly to democratisation of society. Why, then, do we use this issue of Mekong Update to take a critical look at the knowledge-based world of consultancy as it plays out on the Mekong development landscape?

Just as knowledge is power, so those who deal in knowledge are trading in a socially, politically and economically potent commodity. This need not be a bad thing. Much depends on how such knowledge, hence power, is held, distributed, employed and checked. Our concerns over consultancy rest on these key issues. They raise questions of public versus private good, of accountability and transparency of process. As the point of view by Rapin Quinn indicates, the Mekong Region has no monopoly of dependence on consultants and consulting firms. In Australia and globally, government is outsourcing increasing numbers of functions, particularly in the knowledge field. Inevitably, such trends raise questions of public, democratic recourse to decisions based on consultant recommendations. While such recourse is being restricted everywhere, John Dennis reveals that it is particularly difficult in a country such as Lao PDR where relatively unaccountable authorities make self-interested decisions based on their readings of consultants' reports. These decisions are sometimes based on the mere existence of a study, such as in the case of resettling villagers from areas where a dam is seen to be planned just because consultants have visited the area.

Consulting firms such as that profiled in this issue are commercial ventures. Their business is the knowledge industry in development. Typically charging overheads of the order of one hundred per cent of already well-paid consultants' fees, the firms derive their business from future contracts. If clients expect, or are even perceived to expect, a particular conclusion, or wish politically or otherwise sensitive issues to be avoided, consulting firms can employ various censoring or other disciplinary devices to elicit "acceptable" reports. Because many individual consultants depend for their final fee, and for their next contract, on producing a report acceptable to consulting firm and client organisation, there are great pressures to conform and not rock the boat. Such conflict of interest and other absences of due process are exacerbated by the ever-present threat of being sued for breach of contract, where most contracts contain strict confidentiality clauses.

When considering the extent to which Mekong development paths are being affected by consultancy, it is thus important that we do not place sole or excessive critical focus on the consultants themselves. Visible though these mainly western "experts" are in cities such as Vientiane and Phnom Penh, issues of process and accountability are more important than personalising the critique. Ultimately, this is an issue that should be close to the professed heart of any development organisation – an issue of governance.

Inside . . .

- News of new initiatives by the ARTN and the AMRC
- Update on Nam Theun II and Theun Hinboun Dams in Laos
- Profiles of AusAID and Hassall and Associates
- Point of view from John Dennis and Rapin Quinn

AUSTRALIAN MEKONG NEWS

Meeting of the Asia

Resource Tenure Network : Conference on Watershed and Land Resource Tenure

The director of the AMRC, Dr. Philip Hirsch, and AMRC Associates Ms. Fiona Miller, Mr. Andrew Wyatt, Ms. Premrudee Daoroung and Mr. Lilao Bouapao, recently attended a conference under the theme "Watershed and Land Resource Tenure: Local, National and Trans-boundary Issues in the Mekong" supported by Rockefeller Brothers Fund (RBF), and held in Vientiane from the 25th -29th of October 1999.

The conference was hosted by The National University of Laos (NUOL) which is a newly established institution. Therefore this conference provided a very useful chance gain experience with international meetings or conferences. This event also marked the fourth meeting of the Asian Resource Tenure Network (ARTN). The previous meeting was held in Chiang Mai, Thailand in 1997 and focused on Thai forestry law. There were at least 3 main aims of the recent conference:

1. To bring together local and regional and international scholars, activists and practitioners for transnational discussion on themes for the Mekong countries, especially for Lao PDR,
2. To search for the research questions that need to be addressed by the Asia Resource Tenure Network participants, and
3. To provide essential information to all those involved or interested in data integrity.

The conference drew scientists, researchers, students and activists together from over 17 colleges and Universities, and from 20 governmental agencies from 12 countries (China, Vietnam, Lao, Thailand, Cambodia, Malaysia, Indonesia, Japan, Australia, Canada, Germany and the United States), who share a common interest and concern of resource tenure and management issues in the Mekong region.

Lilao Bouapao is an AMRC associate currently enrolled in a MSc looking at social and environmental assessment as part of rural development project management. Lilao works for the State Planning Committee in Vientiane.

Resource Tenure Database

The AMRC, in conjunction with Peter Vandergeest and Tony Rogge from York University in Canada, has compiled a resource tenure bibliography and database to be published on the Centre's webpage early next year. To begin with it will contain a collection of selected annotated references as well as a larger number other articles, books, reports and webpages. The composition of this selection is based on their particular value in highlighting issues of resource tenure in South East Asia.

Ultimately the database will be released in both hard and electronic form. The hard copy will be structured according to country and/or resource type. An electronic form of the database will be provided as a searchable ProCite or MS Access file and placed on the AMRC webpage. As such the database will be a dynamic, continually updated resource and a continuing project of the AMRC.

NEWS FROM THE REGION

Dam Builders Bribery Charge

The Lesotho government has charged more than a dozen international companies with bribery of a public official. In July of this year the former CEO of the Lesotho Highlands Water Project (LHWP), Masupha Sole was formally charged with nearly \$2 million in bribes over a 10-year period from February 1988 to December 1998 (Greybe, 29th July 1999: Business Day, Johannesburg). However, there is growing concern over the accountability of all parties involved.

Implicated in the scandal are some of the worlds leading dam building companies; Impregilio (Italy), Spie Batignoles (France), Sogreah (France), LHPC Chantiers (international consortium), ED Zeublin (German), LHPC (international consortium), Highlands Water Venture (International consortium), Diwi Consulting (Germany), ABB (Swedish/Swiss), Lahmeyer Consulting Engineers (Germany), Acres International (Canada), Dumez International (France). All of these companies have signed the OECD convention on corruption and bribery which makes it illegal to bribe a public official abroad (Transparency International Press Release, 1999). Both the governments of South Africa and Lesotho refuse to tolerate such behavior. The Asian Development bank (ADB) and the World bank have set out in their own conventions and guidelines that any company implicated in bribery of public officials are to be excluded from any further work. In response to growing concern that the companies involved will not be punished by the banks or by their own countries and rather that Mr. Sole will be a scape goat for the entire affair, the government has issued summons to the companies involved and to three individuals. The World Bank has agreed to fund the prosecution but no word has been given on the status of these companies within the bank for future work opportunities.

With these companies as major actors in both ADB and World Bank projects throughout the world, including the Mekong basin, there is a need for more functional accountability or large international companies. The formation of an Ombudsman, such as in Norway (FIVAS, 1999), to regulate the actions of national enterprises abroad could enable better enforcement of the OECD convention.

Greybe, D. (1999) Companies face Lesotho Bribe Claim. 18th November, Business Day, Johannesburg

Greybe, D. (1999) Business Day, Johannesburg 29th July Transparency International (1999) International Construction Companies Bribe Top Official in Large Dam Project for South Africa, Berlin 6/8/99

Senyane, M. and Kholumo, T. (1999), letter sent to Washington Post; Transparency International Press Release, Sept. 15.

Further information can be found on the IRN webpage <http://www.irmn.org/programs/lesotho/index.shtml>

Nam Theun 2: Purchase Price disAgreement

The Nam Theun 2 dam in Lao PDR is under further controversy as the Electricity generating Authority of Thailand (EGAT), the Lao government and the developers of the project are in negotiation pending a purchase price agreement (PPA) for electricity to Thailand. The dam, now planned for completion in 2006, is being criticised within Thailand as EGAT is reportedly forecast to have a 44% excess production capacity in that same year. This implies

that EGAT and Thailand will not need the planned 900 MW from Nam Theun 2 (Ryder, 1999a *The Nation*, Bangkok 7/10/99).

The dam is also being criticised in relation to its economic viability. EGAT recently raised the price offer from 4.372 cents/kWh from a flat rate of 4.137 cents/kWh. However, the Nam Theun 2 Electrical Consortium (NTEC) has made a counter offer of 5.13 US cents/kWh suggesting this is the only economical rate for the dam. This high rate is above the market value of other EGAT owned and other small, private sources providing electricity as low as 3.18 US cents/kWh (Ryder, 1999a).

Ironically, Nam Theun 2 is not even in the current EGAT investment plan to 2002 (Ryder, 1999b). This shows that the Thai government recognises the financial limitations of Nam Theun 2. However, the Lao government has asked their Thai counterparts to maintain their agreement in order to maintain relations and to help the development of the country (Techawongtham, 1999). Concerned parties suggest that the build own operate transfer (BOOT) project will not create the financial opportunities the Lao government hope for (Permpongsacharoen, 1999).

Ryder G., (1999a) *Editorial and Opinion The Nation*, Bangkok 7/10/99

Ryder G., 1999b, *interview with Rebecca Seske of the World Bank*. Permpongsacharoen, W., *At What Price Electricity?* Bangkok Post 30/10/99

Theun Hinboun ADB Mission

The International Rivers Network (IRN) has recently criticised the activity of the Asian Development Bank (ADB) and the Theun Hinboun Power Company (THPC) in the lack of response following the Special Review Mission to the Theun-Hinboun Dam site in November 1998. The Aide Memoir resulting from the mission cited the impacts that the dam has had on local communities and set out a series of actions to compensate villagers. IRN undertook a site visit in August 1999. They identified that the compensation process had not been carried out since the ADB/THPC Aide memoir. Villagers complained that the activities of the previous mission were not participatory, rather based on a survey questionnaire.

The IRN visit surveyed villages downstream in the Hinboun and Kadang Rivers as well as at the Project site. Major complaints included the failure to build drinking water wells, the lack of compensation for the decline in the fishery, the increased risk of flooding, the failure to deliver roofing and the failure to provide buffalo as compensation for the loss of one village cemetery. The villagers have also not received the electricity they were promised.

Complaint of the lack of action by the ADB and the THPC has also been expressed by Probe International.

Closed Salween Dam workshop excludes local communities

A group of 35 Thai and Burmese environmental and civil rights organisations have demanded 'open, transparent and honest' consultation in the Salween dam development in an open letter. The letter was prompted by the four day "closed door, confidential" workshop being held in Chiang Mai, Thailand between 13 - 16 September this year involving multilateral banks, business consultancy groups, government officials and academics. The co-organisers, Oregon University and the Asian Institute of Technology in Bangkok, were

criticised for excluding community representatives who will be most affected by such developments (Barnes, 1999). The Salween Dam is proposed to be built at Ta Sang in Southern Shan State. The plans for the Salween dam propose the diversion of the Salween river and its tributaries to reservoirs in Thailand including the Bhumibhol Reservoir. A quarter of the proposed 2500 to 4000 megawatts of electricity produced shall be sent to Burma, the remainder will be absorbed by EGAT in Thailand (SEARIN, 1999). Marginalised after decades of conflict with the Burmese army and fearing eviction from their indigenous forests local Karen communities face further threats to their livelihood from Thai proposals for water diversion and hydropower projects. In response 500 Karen villagers in the Salween basin areas have vowed to fight the Thai government plans (Lertcharoenchok, 14/3/99). Already there have been attacks by both Burmese and Karen soldiers on the Huay Khanaeng dam in the Salween basin (Achakulwisut, 13/3/99).

According to the open letter the planning stage has advanced well beyond the point where environmental and social impact studies should have been carried out. There is also concern over the economic viability of the project as EGAT already faces pressure within Thailand over the need for further international sources of electricity (see article *Nam Theun 2: Electricity Price disagreement*) which are as controversial and as costly as the Salween proposal.

Barnes, W. (1999) *Dam Talks Exclude Minority Groups*. *South China Morning Post* 15th Sept.

SEARIN (1999) *Salween Dam Details*, April

Lertcharoenchok, Y. (1999) *Karen Villagers Set For Salween Battle*. *The Nation*, 14/3/99

Achakulwisut, A. (1999), *Changing the Course of History* Bangkok Post, 13/3/99

NEWS FROM THE CENTRE

IAG Conference

The Division of Geography, School of Geosciences, which hosts the AMRC, was the location for the bi-ennial Institute of Australian Geographers conference in September 1999. AMRC organised a special panel on *Murray Darling and the Mekong: issues on sustainable development*. Nine papers presented a number of common themes ranging from forestry issues, through inter-jurisdictional water management, to ecological roles of wetlands in each Basin. The aim of the panel was to link both human and physical, as well as Australian and Southeast Asian geographical approaches to sustainability questions.

Hong Kong Round Table

AMRC Director Phil Hirsch attended a Round Table workshop on "New Uncertainties, New Tools: Scenarios for the Future of Asia-Pacific" in Hong Kong from 15-17 November 1999. The Nautilus Institute and the Global Business Network set up the roundtable to bring together 30 key Asia-Pacific thinkers from government, civil society and business to generate ten-year scenarios about political and economic trajectories in Asia in the aftermath of the financial crisis. Among participants was AMRC associate Dr Bach Tan Sinh.

Research Training project at NUOL

The AMRC is involved in a collaborative research training project at the National University of Laos (NUOL). Other partners include York University in Canada and Chiangmai University in Thailand. Funded by the International Development Research Centre, this project is a three year training exercise for about 12 staff at NUOL in field-based research on resource tenure and resource management. During the project, NUOL staff will formulate and design two or three small research projects and take them to completion with key training inputs from AMRC and other project partners.

Accounting for Development

In mid-2000 the conference "Accounting for Development - Australia and the Asian Development bank in the Mekong region" will be held at the University of Sydney. The conference is a joint project between the AMRC, the Australian Council for Overseas Aid (ACFOA), Community Aid Abroad (CAA), the ACT Mekong Group and AID/WATCH. The aim of the conference is to raise public awareness and promote debate within Australia about the relationship of Australia with the ADB and the impact that relationship has on the rights and livelihoods as well as the environment within the Mekong region. It will bring together a wide range of people from Australia and Southeast Asia interested in the role Australia plays through the ADB, as well as the direct impact of the bank's policies on the region.

The conference will be held at the University of Sydney from the 22nd -24th of June 2000. Anyone interested in attending or contributing to the conference should contact the Administrator of the AMRC.

PROFILES

The Profiles provided in this issue give us a perspective on consultants and contractors working with aid agencies in the Mekong Region. The focus is on issues of quality control and accountability issues related to the process of outsourcing, particularly associated to aid monies. The Australian Agency for International Development (AusAID) and the international consulting firm Hassall and Associates are profiled in order to give a perspective on the role consultants play and the process by which they are held accountable by the Australian government.

AusAID Profile

The Australian Development Assistance Agency (ADAA) was established in 1974. This organisation, in 1976, was replaced by the Australian Development Assistance Bureau (ADAB) within the Foreign Affairs Portfolio. In 1987 ADAB was changed to the Australian International Development Assistance Bureau (AIDAB) and then most recently, in 1995 to AusAID, the Australian Agency for International Development. AusAID is based in Canberra with state offices as well as 25 missions overseas. AusAID can be contacted through their Webpage: www.aid.gov.au.

Historical Perspective

The role of AusAID is "To advance Australia's national interest by assisting developing countries to reduce poverty and achieve sustainable development" (Downer, 1998). In facilitating this role, AusAID has a long history of outsourcing work to external consultants. Since the mid-

1970s, when AusAID first contracted state governments and consulting companies to manage a small number of aid projects, the agency has continued to outsource technical expertise (AusAID, 1998). The organisation holds that outsourcing technical expertise with all the skills and disciplines needed for any given project is a far more cost effective use of resources than internal management. In the 1998-99 period there were A\$1.9 billion worth of contracts being managed by the agency. These contracts include areas of work in all AusAID sectors; Health, Rural Development, Gender and Education, Governance and Infrastructure and Environment. The only facet of AusAID that remains internal is general administration.

Contractors are now used at all levels of the project cycle from technical assessment, through project implementation, to project review and evaluation. Another motivation for continuing policy is to enable the expansion of Australian business interests into 'developing' countries. The use of Australian consultants in AusAID projects provided a distinctive Australian character to project implementation and output.

Selection of Consultants

The actual criteria for the selection of consultants varies from project to project. All projects are initiated by submission for public tender. Contractors provide information on their involvement in the project which includes a summary of technical and financial feasibility as well as the implications for social, cultural and gender issues and environmental impacts as a result of their potential inclusion. AusAID then passes all submissions to a project specific Technical Assessment Panel (TAP) which is made up of one relevant sector advisor, one country program officer, and one or two external advisors who are employed on the basis of their expert experience on the components of the project. To avoid a conflict of interest any such advisors cannot be involved in subsequent phases of the project unless contractors need to employ them on the basis that their knowledge is unique and/or imperative to the project itself. Contractors can however be involved in any number of phases of the project if they are not involved in the TAP. There is no mechanism for a company to be blacklisted from putting in for tender. Furthermore, there is no policy to blacklist contractors. However, when a consultant puts in a project proposal AusAID can run an audit or risk assessment on them. Past performances are also checked carefully and the TAP will further investigate their suitability. AusAID does not make public the reasons for the rejection or unsuccessful bid of any contractor.

Responsibility and Accountability

Responsibility for completion of the project contractually lies with the consultant. However, AusAID as the monitoring agency has the final responsibility to the client in ensuring that the final product is of an adequate standard. This final responsibility of AusAID is a function of their legal liability for all work done. They also own all output information generated by projects, which also infers their direct responsibility to the client.

Monitoring projects is recognised as a way of facilitating accountability as well as enabling internal analysis of the performance of projects. It involves both informal and formal review and assessment and is done throughout the implementation of the project. Such monitoring is carried out by the project team, project beneficiaries and an inde-

UPCOMING EVENTS

AMRC Mekong Discussion Group Program, Semester I, 2000

The AMRC fortnightly discussion group will continue to be held in Semester I, 2000. Highlights of the program will include Brenton Ciffin, the Australian delegate to the Asia Youth Forum to be held in Chaing Mai in November this year. A full program will be published in issue 3.1 in the new year. Sessions are held 4-5pm Friday in the Geography Conference Room 474 (First Floor), Madsen Building (near City Road Entrance), The University of Sydney. Visitors and newcomers are welcome!

ASAA Conference 2000

The biennial Asian Studies Association of Australia (ASAA) Conference will be held at the University of Melbourne from the 3-5th of July 2000. The event will be hosted by the Melbourne Institute of Asian Languages and Societies and convened by Professor Merle Ricklefs. The closing date for the panels and abstracts is the 10th of December 1999. Further information can be found on the ASAA Website:

URL: <http://www.asaa2000.unimelb.edu.au/>

Cultures and Bio-diversity Congress

The Center for Biodiversity and Indigenous Knowledge and Kunming Institute of Botany are hosting a Cultures and Bio-diversity Congress in Kunming PR China. The conference is a chance to share research and experiences from China, Asia, South America and the rest of the world. Feedback and suggestions are invited on such aspects as Congress themes and specific topics and processes for exchange and discussion.

Inquiries and suggestions can be sent to Therese Grinter: Xujc97@public.km.yn.cn or Xu Jianchu: cbik@public.km.yn.cn

International Symposium II on Montane Mainland Southeast Asia (MMSEA)

An International Symposium II on Montane mainland Southeast Asia (MMSEA): Governance Policies on Natural and Cultural Landscapes will be held on the from the 29th of June - the 3rd of July, 2000 in Chiang Mai, Thailand.

The symposium will examine the themes including Devolution and Pluralism of NRM and CRM in MMSEA, Upland Town and Market and Information Systems for Montane landscapes.

Interested parties should contact the organising committee by the 1st of December and final registration is 15th of January, by email through Uraivan Tan-Kim-Yong <asia@loxinfo.co.th> or The Regional Center for Social Sciences and Sustainable Development (RCSD) <rcsd@soc.cmu.ac.th>

pendent technical assessment group (TAG). Spot checks and audits are randomly carried out by externally by commercial auditors and internally by AusAID's Audit and Risk Management Section. Outputs of such monitoring include the Character Performance Assessment System (CPAS) as well as six monthly country portfolio risk assessment and monitoring plan (CPRAMP). The level to which in-country stakeholders have access to information is decided upon by the client country.

AusAID (1998) Contracting Out; contracting for Australian aid. Commonwealth of Australia, January 1998.

Downer, A. (1998) Australia's Overseas Aid Program. Commonwealth of Australia, 12th May 1998.

For further information look up the AusAID webpage: www.aid.gov.au

Hassall and Associates International Background

Hassall and Associates International is the international arm of Hassall & Associates Pty. Ltd, a diversified project management and consulting company established in 1965. Having expanded to the field of international development Hassall International is the fourth largest consultant to AusAID by value of contract. Hassall International's clients also include Asian Development Bank and the United Nations. The company provides project management, feasibility, design and evaluation services in the following technical fields: natural resource management, rural development and agriculture, community development and poverty reduction, primary and secondary health sector development, institutional strengthening and capacity building and economic and financial analysis. These areas of work reflect the sectors adopted by the clients. Within Southeast Asia Hassall International works in China, Vietnam and the Phillipines. Hassall is interested in involving itself in work in the Lao PDR and Cambodia.

The Consultancy Process

Hassall and Associates are involved in all stages of the project lifecycle, from project identification, feasibility studies, implementation and evaluations. As project managers Hassall International subcontracts expertise, consultants selected from a database the company maintains. If further expertise is needed positions are advertised.

For project implementation, Hassalls appoints a project director (PD) who is responsible for the organisation, core administration, and implementation of the project. The PD is also the company's principal project management representative.

Responsibility and Accountability

The responsibility for the final work product rests with Hassall International. The PD is responsible for liaising with all parties to ensure that the work done is acceptable and on time. Both the company and the subcontractors are contractually bound by the client to meet milestones throughout the lifecycle of a given project. Any problems are presented to the client(s) through a system periodical reporting as set out in the contract. This facilitates a dialogue between the client and Hassalls which is supposed to maintain transparency throughout the project. The requirements for community consultation and discussion are set by the client in the contract. The level of such interaction is dependent on the

type of project and/or the desire of the client agency or government.

For Further information contact the Hassall and Associates webpage: www.ozemail.com.au/~hassall/

POINT OF VIEW

Much development practice in the Mekong Region involves consultancy in one form or another. For reasons clearly apparent in the following Points of View, consultants and consultancy elicit contrasting perspectives on the knowledge component of development. Both the guest contributors to this issue of Mekong Update argue that current consultancy practice leaves much to be desired, but views from the outside and from the inside clearly differ.

Consultancy: Public and Private Sectors Relation

Rapin Quinn⁺

Since the early 1990s, while public sector services have been downsizing and outsourcing, private sector services have in contrast been upsizing and booming. The professional role in providing advice, options and solutions to problems which a government perceives as critical issues in the decision-making process has been transferred from public servants to outsourcing 'experts'.

The division of labour between the two sectors is that as government officials write a Terms of Reference (TOR), while contractors are expected to provide services ranging from documentary research to infrastructure construction contracts. The timeframes of the service often vary from two weeks to two or three years, depending on the size of assignment. While the contractors are carrying on assignments according to the agreed TOR, the officials, supervised by their superiors, act as managers to monitor and evaluate the (theoretical) quality of the services. As far as the public interest is concerned, consultants' contributions are to bring new and fresh ideas to the public sector and to shake up some areas where some red-tape bureaucratic fashion is enclaved.

While some social-concerned bureaucrats are afraid of losing institutional or corporate knowledge in the public service sector, many others welcome a consultancy service. That is because it helps shield them from bearing responsibility upon the issue of quality control and delivery. Bureaucrats who are expected to draw up a framework for service and to evaluate the outcomes of assignment feel that they have less and less understanding of the key issues due to the public service reform panorama of constant shifting and changing; let alone the understanding of politics within and between departments. They often feel uncomfortable to provide advice against the expert's to their superiors, whose ears are tuned only to politically strategic presentations. More importantly, executive managers often listen to consultants' advice rather than low-ranked bureaucrats'. There is a growing 'culture of dependency' on external consultants rather than internal experts.

As 'fad surfers of globalisation', consultants are currently facing a number of ethical dilemmas. First, self-regulation,

which is expected to become a quality standard of delivery, is unlikely to be an effective measure. Consultants are bound to do what their clients want, ethics often taking a back seat. If things go wrong, no legal defence can be pursued. Second, accountability and transparency are in question. Even in developed countries where openness to public scrutiny is required by Freedom of Information (FOI) legislation, it is still not easy to get information about what consultants do because they are often protected under the banner of 'commercial in confidence'. Third, cost-benefit analysis, which most consultants use as a methodological tool to convince investors and government decision makers to spend their money, is heavily criticised because it is likely to neglect human dimension of development. Fourth, many consultancy reports, especially in science and technology, are full of jargon that can easily exclude public participation. While some avoid answering delicately difficult questions not in line with the key strategic issues of the department, much advice given by consultants creates a 'homogenising effect' like snake-oil selling.

The development practice of some fad consultants and government donor agencies in the Mekong sub-region is a case in point. It seems to me that what many donors are looking for is a development model or ready-made formula to be implemented with little recognition of differences among the countries in the sub-region; needless to mention localities. Snake-oil sellers not only follow a number of sectoral guidelines but also ensure their contracts be granted through their political (constituency) connections. Public service reforms in Lao PDR help facilitate several infrastructure-building projects, especially dams. If there occurs environmental degradation and destruction in the sub-region, who will be accountable?

Some alternatives to consultancy practice need to be considered as follows. Firstly, some regulations or standard must be set up and implemented to somehow control the global consultancy market and to create the discourse between public and private sectors; not dominated by one or the other. Secondly, the benchmark for good consultants' advice should contain the balance between economic and social (including environmental) dimensions. As futurologist Peter Theobald strongly argues, capitalism does not work unless it recognises the values of humanity such as social cohesion, environment integrity and the long-term consequences of decision making. And I would like to sum up my view on consultancy by quoting Barrington Moore:

"Without being guided by some purposes and values that transcend such a narrow and technical view of disciplined inquiry into human affairs, ... social scientists will rapidly become mere technicians selling their skills to any unscrupulous power-seekers who want to manipulate society for their own ends."

⁺Rapin Quinn

Research assistant, Faculty of Asian Studies, ANU; Recently finished a PhD thesis entitled: "NGOs, Peasants and the State: Transformation and Intervention in Rural Thailand" in 1997 from the Dept of Human Geography, Division and Society and Environment, Research School of Pacific and Asian Studies (RSPAS), ANU; Extensive knowledge and experience in the NGO sector and in social and community development especially participatory development, research and evaluation.

John Dennis*

As most readers already know, the innocuous Webster's definition of a consultant is "someone who gives professional or expert advice". In contrast, there is the NGO perception of the typical development consultant working in the Mekong Basin area as a grossly over-paid white male with sunglasses and a briefcase who writes entirely unattributed and only partially accurate policy papers and project proposals based on hasty discussions with knowledgeable country-based development workers.

Having myself worked both for NGOs and as a consultant in the Mekong Basin, I will attempt to offer here a somewhat hybrid perspective. I feel that consultants often do play a valuable role, but would like to see various reforms implemented. In summary, these are:

- Make recruitment of consultants more transparent; discourage "bait and switch" tactics during bidding and putting together an actual consulting team. Penalize or disqualify the winning firm that replaces proposed candidates with consultants with lower qualifications.
 - Break down the distinction between domestic and international consultants, both in terms of levels of compensation and levels of responsibility within a team.
 - Encourage or require that consulting teams include members drawn from both commercial firms and NGOs
 - Involve the consultants in any decision-making that may be based on their written reports; sometimes much of a situation is not well-described in the report written for a particular client.
 - When appropriate, give preference to consultants with entrepreneurial experience and create mechanisms whereby consultants are encouraged to take equity stakes in business-oriented projects they help to identify or otherwise assist. In other words, recruit some consultants from the ranks of venture capitalists.
 - On the other hand, when dam, road, and other large infrastructure projects are involved, take steps to minimize possible conflicts of interest that a consultant may have. Barring the consultant from bidding on future work in that sector for about 5 years is one means that some organizations may have already adopted.
- The following examples are a first-person account of how consultants and consulting firms (the terms will be used interchangeably here) have been involved in economic development in the Mekong Basin.

1. Lao PDR, 1989: Identifying IFAD's first project in Lao PDR.

In 1989, I participated in a "general identification mission" in Laos for IFAD in Rome. After we had visited four provinces, turned in five project proposals and gone home, a committee at IFAD met and unwittingly selected the project most likely to fail. Though the proposal itself was competently prepared, no one on the consulting team had sought to inform the executives at IFAD that the provincial administration of Xieng Khouang province remained committed to the failed strategy of agricultural collectivization at a time when the other province administrations we visited were already engaging in some experimentation with private ownership and market-driven agriculture. Had the consultants been invited to IFAD's project selection committee meeting, a costly mistake in Xieng Khouang might have been avoided.

2. Lao PDR, 1989-90: Research Versus Gunning for SOEs

During this time, I worked as a "socioeconomist" on an ADB-funded team to create a master plan for agricultural research for Laos. I conducted "needs assessments" and nutrition surveys in farming communities in various parts of the country. Rural malnutrition was a serious problem and I questioned the proposed focusing of research on export-oriented commodities such as maize and coffee when food security was such a pressing need. During this time, a team of economist consultants from P.D.P. Australia (that's Policy, Development, Planning, Ltd. in Sydney) questioned the wisdom of ADB investing in local agricultural research at all. "All the relevant agricultural technology can be imported from Thailand at a fraction of the cost of redeveloping it here," they argued. I accepted that this was largely true for lowland crops, and argued instead for investment in research on subsistence-oriented upland agriculture and on watershed management. I suspect that my report was largely ignored because the Master Plan exercise had been set up as a way to rationalize investment in several lowland-oriented research stations plus a coffee research station on the Bolovens Plateau. Conclusion: if a consultant's recommendations are too far from the "expected script," they will be largely ignored.

Meanwhile, the PDP economists were engaged by the ADB in the relentless production of policy reformulation documents that sought to implement, among other things, cutting the number of State-Owned Enterprises by half and then by half again. These structural adjustments were painful, but growth in GDP increased from 3.7% per annum during 1980-1990 to 6.7% per annum during the period, 1991-1997. Clearly, the PDP economists, the ADB, and the GOL had ample cause for satisfaction with this outcome.

3. Lao PDR, 1997-98: Conflict of Interest and the Ranking of Hydropower Sites.

In August 1997, the Thai baht was devalued and subsequently many of the regional economies went into recession. Projections of rapid growth in energy consumption were scaled back in Thailand and suddenly the viability of a number of large hydropower projects in Laos which already had Memorandum of Understandings (MOUs) fell into question. Against this back-drop, the management of the ADB-funded Sekong, Sesan, and Nam Theun River Basins hydropower ranking study (SKSSNT) nonetheless directed the study to largely ignore the MOUed sites and focus on more marginal sites that—in Laos and Cambodia at least—had little chance of ever attracting commercial investment. Conflicts of interest may be endemic to the development of large infrastructure projects. The ADB awarded the contract for the SKSSNT study to a consortium consisting of three engineering firms located in the UK, the US, and Japan, respectively. There was therefore the ever-present risk that these firms would a) prospect for hydropower construction contracts during the period of the study, b) maximize the engineering inputs to the study while minimizing study of environmental and social aspects, and c) avoid saying anything that could reduce their chances of getting future work from the ADB or in the three countries involved. A simple way to reduce the scope for these possibilities would be for ADB, WB, and other clients to require that proposed consulting teams include NGOs or free-standing firms that specialize in socioenvironmental issues. Engineering firms

MEKONG MAP

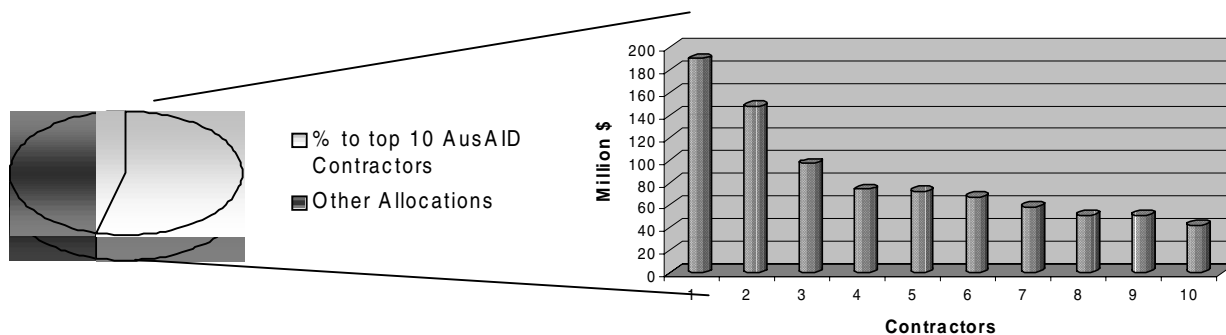
Distribution of Aid to Australian Consultancy Firms

Within Australia the government is increasingly dependent on the outsourcing to meet the needs of policy formulation and consultancy. This is translating in Australia's foreign policy as the government, through AusAID, is extending aid into the region. Contracts worth A\$1.9 billion are managed by AusAID. These funds are not directly spent but rather are distributed to consultancy firms working on short term project preparation, longer term project preparation, or project implementation.

Activities of these companies range from consultancy to project implementation. The diagram below shows the distribution of funds to the top 10 AusAID contractors by value of contracts won. These contracts vary from infrastructure projects such as the A\$4,579,848 English language project in Laos managed by SAGRIC International Pty. Ltd. to the A\$4,914 Environmental Period Agriculture Forestry and Fisheries Sectors Project in Tonga.

Distribution of Official Development Assistance

Top 10 Aus AID Current Project contractors by Value of Contracts



Copntractors

- | | |
|--|---|
| 1. ACIL Australia Pty Ltd. | 6. Kinhill Engineers Pty. Ltd. |
| 2. SAGRIC International Pty. Ltd. | 7. International Development Support Services Pty. Ltd. |
| 3. GRM International Pty. Ltd. | 8. Boulderstone Hornibrook Engineering Pty. Ltd |
| 4. Hassall & Associates Pty. Ltd. | 9. SMEC International Pty Ltd. |
| 5. Overseas Projects Corporation of Victoria | 10. ANUTECH Pty. Ltd. |

are generally not qualified to assess complex cumulative biological and social impacts caused by hydropower projects. The socioenvironmental side of the SKSSNT study team consistently argued that the he GOL would benefit most from further socioenvironmental study and ranking of the MOUed sites. Region-specific construction costs were already well-known, so there was little or no need engineer or re-engineer specific sites. To relegate the project to the study of the more marginal sites, those without MOUs, was to condemn the project to irrelevancy. We began to suspect that the stubborn focus on the "virgin sites," offered the best prospects for consuming the most engineering man-hours.

While the interim social reports for the projects were fairly direct in raising concerns about social and environmental impacts, the Final Report and Final Workshop in Ho Chi Minh City were carefully controlled. Almost none of my year's work on resettlement impacts in Laos was included in the Final Report. My report mentioned that some Brao/Lave communities had been "encouraged" to relocate from the forested and remote Nam Kong watershed. The fact that one of SKSSNT's two finalist sites had been located in this watershed had inspired provincial authorities to inform villagers that they must relocate "because a dam will be built." In violation of ADB's resettlement guidelines, some of the resettlement sites were more limited in terms of soil and water resources than the homeland areas of these villagers. One resettlement area in Attapeu province had even been classified as the only part of the province to be "severely contaminated" with UXOs (unexploded ordnance).

4. Chiangrai, Thailand, 1983-present: consultants turned investors.

In 1983, while researching the impact of the Green Revolution on the biodiversity of rice-based agroecosystems in northern Thailand, I joined with an Australian macademia production consultant to become the first foreign investors in Thailand's nascent macademia industry. Wilkie Fleming and Associates, Pty., Ltd., has to date been paid only in shares and has worked consistently to source only the best germplasm, to supply only the best technical information, and to "make things work. "Nuts in shell" are up from 16.1 tons in 1998, a drought year, to a record 48 tons in 1999. Possibly profitability will be achieved this year, year 16 of the project! Success in agriculture often takes many years of patience and commitment. I would favor creating more consultancies that seek to recruit specialists who are also interested in investing their own funds in interesting projects.

*John Dennis

A sociologist and environmental planner, he has a PhD from Cornell University and lives with his wife, Minfong Ho, and their three children in Ithaca, New York, USA. Much of his work has focussed on rural development in mainland southeast Asia. He has worked for Oxfam America, WWF Intl., and as a consultant to ADB, CIDSE, IFAD, and UNDP. His e-mail address is jvd@clarityconnect.com.

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Jonathan Cornford
School of History and Politics, James Cook University

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