“The Crab Model”: Tips for Project Implementation at the Country Level

Project implementation at the country level relies not only on technical expertise and the soundness of a project, but on several external factors such as trust among the participating actors, political will, the absorptive capacity of a client government to actualize reform, and capacity within the government to implement reform. Any of these factors can stall or slow down the reform. To overcome this lack of capacity to reform, and to maintain continuous momentum, we in Tonga have developed an approach to implementation that we call “the crab model.”

Background

Crabs on the beach do not proceed in a straight line as they move toward the ocean. They zig, zag, bump into other crabs, and sometimes get spooked into remaining in place for a long time. This haphazard process appears to be suboptimal in terms of the crabs’ goal (reaching the ocean); but in reality, each crab is responding to its own incentives, the environment around it, and its estimation of the likelihood of success. However, if the crabs remain in place too long, they are likely to be preyed upon by shorebirds, water birds, or even other crabs.

The program in Tonga is a multiyear, multiphase, multifaceted project currently in its third phase. The current program (2008-2010) comprises five separate components: public-private dialogue, alternative dispute resolution, business start-up, business operations, and investment promotion and policy. Working in the Pacific, where governments are tiny and attention spans are short, there is often a sense that our projects and our counterparts are following patterns quite similar to the crabs. Economic reform, much like crabs, does not proceed linearly, nor does it proceed at a uniform speed: Some (mainly administrative) reforms can be undertaken immediately, while other (regulatory) reforms require time and massaging through the political process. Still others (legislative) can require a multiyear commitment from both IFC and the government to initiate. Thus, reforms, like crabs, jostle, slow down, speed up suddenly, and, for no reason apparent to the untrained eye, steadily move toward fruition. Or they stay put, which, under this analogy, manifests itself as a government’s failure to actualize a reform in one area.

The crab model may already be a default model in some IFC programs at the country-office level. Indeed, out of recognition that projects move at different speeds, many multifaceted programs are designed to work in sequence. However, even the most meticulously designed project can encounter roadblocks and obstacles in implementation that were not thought of in the design phase. The following lessons illustrate some ways that the crab model can be applied by project managers.

Lessons Learned

1) Always keep one crab in motion.

Any individual reform may be desultory or slow, but the overarching movement toward reform must be sustained. When one reform has stalled, another one must be pushed. The overarching goal of improved investment climate (in our model, reaching the ocean) remains the focus, but IFC is continually moving forward on a number of fronts, knowing that each crab will move forward only a bit at a time.

1 Of course, the observations in this SmartLesson are not limited to the Pacific.
For example, with respect to company registry reform, while the authorizing legislation is under discussion in various Parliamentary committees, technical specifications can be gathered and preliminary designs put in place for the registry itself. Or offline administrative processes regarding company registration can be examined for how they will feed in to eventual reform. Alternately, IFC can allow the political process to do what it needs for the company registry and instead begin to focus on business operations. In each case, even if the specific reform is slowing or stalled, IFC is still adding value and helping the government continue its momentum along the reform continuum. This approach allows for continued progress while certain projects or segments are under consideration, and also allows for better use of IFC staff time when it appears that reform has slowed.

This approach also emphasizes the idea of reform as a process rather than a goal unto itself. Just because one reform stalls as a result of necessary (or unnecessary) issues, this does not mean that the entire project must silently wait out the government. Indeed, the last thing that the crab model intends is for the lonely, frozen crab to be abandoned. As noted above, that’s the best way to get that crab killed. By highlighting several different reforms simultaneously and challenging our counterparts not to become lazy or defeatist in the face of obstacles, we can advance on a broad number of fronts.

The crab model’s practical benefits in keeping reform momentum going can also have practical consequences for project design. The model acts as a feedback mechanism in testing out the speed of reform in a certain country and allowing follow-on activities to be staffed, sequenced, and costed appropriately. For example, with the knowledge beforehand that some components of a project may have long stretches of downtime, less specialized and more multiskilled staff may be recruited for that project, or specialists might be called in only when necessary and used for a shorter time frame than the length of the entire project.

2) Shift resources toward the crab with the greatest potential to move next.

In Tonga, the Ministry for Labour, Commerce and Industries (MLCI) is tasked with investment promotion, but a proposed investment promotion strategy has taken time to make its way through the ministry. During this time, IFC has effectively slowed staff resources devoted to the investment promotion component and shifted them toward business licensing, where the Ministry of Finance was interested in pushing reform.

3) Come at the crab from a different angle.

Although some facets of a component may take time for a ministry or private-sector agency to digest, the time that the counterpart spends deliberating can be used to gather more information, speak with other related shareholders, and generally prepare responses to anticipated objections from the counterparts. By clearing the beach ahead, so to speak, when it’s time to move, the crab can go much more easily.

4) Realize that a crab has more than one leg.

For much of the advisory services work that IFC does in investment climate, we are necessarily working with the government to encourage it to reform its policies and make the business environment better in a specific country. But what happens when the government is the reason that the crab has stopped? At this point, it may be prudent to find others who can help move the component forward and achieve the same objective. Using the example of the investment promotion strategy mentioned earlier, the MLCI sat on it for quite some time, revealing that it didn’t have the resources to even comment on the document, much less implement it. However, the government still considers investment promotion to be a worthwhile objective, and thus we have begun working with the private sector and the Tonga Chamber of Commerce and Industry (TCCI) to implement promotion activities. Meeting with the TCCI, and securing its agreement to take over some aspects of promotion that the MLCI was unable to do, has kept the focus on the importance of investment promotion while also ensuring that the reform moves forward.

5) Add another crab to the beach.

Sometimes, components of projects that were well designed may fall victim to personalities and/or unforeseen political issues that may lead to continued stagnation. In this circumstance, not only working with other stakeholders but adding a new component to an ongoing project may be feasible. While IFC has limited flexibility to expand a project midstream (including approval and budget issues), it can be done; and promising leads should not be ignored. As a final example from Tonga, the success of the new Company Registry that IFC installed led to an approach by the Royal Land Commission to replicate the success for them. This would be a practical way to improve the way Tonga does business while other facets of reform are stalled.

Dangers of the Crab Model

1) It may not be right in all countries or scenarios.

Given the advantages of the crab model, it may be tempting to use it in all situations. However, while it is relevant to most facets of project implementation, the biggest potential problem with the crab model is that it can lead to a lack of focus on the part of the project implementer. While building trust and pushing reform are important, it does no good for the original project or the IFC name to branch out into areas that may be better handled by the World Bank or other implementers, or, worse, that may not support our goals of an improved business and investment climate. The key is to keep the eye on the prize, which means necessarily restricting ourselves in some areas.

2) It can increase the risk of IFC’s exposure to bureaucratic infighting.

In some countries, the turf wars that rage between ministries are intense, and IFC does not want to stumble into the cross
Using the crab model in such a situation to expand to other counterparts without knowing the consequences can lead to problems and perhaps sour relations with the original counterpart.

3) It may fall victim to budgetary constraints.

This is especially true when all the crabs decide to move at the same time. For example, if a company registry has been stalled and attention has been diverted toward an investment promotion strategy, a minister may decide to bring both pieces of legislation forward at the same time, meaning that both reforms are now moving into an intense period. This could play havoc with cash flow. Along those same lines, country office staff time is limited (especially for small offices such as in the Pacific), so that if a number of initiatives do decide to move out at the same time, there may not be enough manpower to cover them.

Conclusion

In the context of IFC project implementation, it is important to make sure that our own projects keep the crabs moving. We have only so much influence on the administrative and political processes in countries, and very often reforms are held in check by forces beyond our control. By applying the crab model in these instances, however, IFC can continue to make progress in applying its lessons and products to developing countries, pushing forward reform in several different areas and keeping the momentum going.