
The Challenges and Opportunities of International Research

John D. Sites Jr., CRA

Introduction

International projects can offer an exciting and rewarding addition to the research activities of educational and nonprofit institutions. With proper planning, preparation, and support, the opportunity for growth on the part of research professionals, students, administrative personnel, and the institution can be uniquely rewarding

Local Customs and Traditions

When working in the international arena, it is important to consider possibly differing points of view, traditions, and expectations of the customer and end user of the services or products while developing a proposal. Methodologies used successfully at home may not apply to international interests; therefore, understanding the culture and traditions of the customer can sometimes be more important than the content of the proposal itself. In many cultures, the relationship between the customer and the institution is more important than the details or facts associated with the actual negotiations. Once the proper trust and respect have been established, the formal procedures of contract negotiation may proceed with a greater level of confidence. Wearing proper business attire and using correct forms of address according to a particular culture and its customs can also have an impact on the international customer relationship. Arriving at a meeting dressed in semi-casual attire can be interpreted as disrespectful, arrogant, and can portray a lack of

authority or commitment on the part of the institution. In some countries business attire is very formal, while in others, it tends to be more casual.

Using proper titles and forms of address can be as important as selection of business attire. Levels and forms of proper address vary from country to country, sometimes within a particular country itself. These differences can be confusing and can be easily misused. For example in many Latin American cultures, physicians, lawyers and dentists are often addressed as "Doctor," while an engineer may be addressed as "Engineer Smith" in a formal setting, but by his or her first name during informal meetings. Unintentional mistakes often go unnoticed by those trying to operate in foreign cultures, but such mistakes can send the wrong message to the customer. Therefore, it is important to take the time to learn about the local customs and to pay attention and be generally aware of such potential cultural gaffes when working with customer and local partners.

Preparing a proposal for an international project can present another set of unusual expectations and realities that can have an impact on the negotiations. Proper proposal preparation cannot be done easily from afar: the complexities of proposal development changes from country to country, from sponsor to sponsor, and from culture to culture. It is essential to identify and use local resources, knowledge, and expertise. While our offices are equipped with the most modern computers, printers, copiers, and scanners, offices in other countries may not have the same resources; something as basic as the quality and availability of electricity can be major

factors in other countries. For example, the government in one Caribbean country during a summer energy shortage ordered a power shut down at 2:00 p.m. while one institution was in the midst of contract negotiation. Fortunately, in this case, the institution's local office was equipped with a back-up generator. However, unfortunately, the sponsor was not available during this time, which prolonged the time necessary to complete the negotiations.

In the United States in most metropolitan centers it is possible to go to a local office supply store or copy center in the middle of the night; not so in most other countries, where there also lesser chance of availability of high-speed copiers or speedy network access. While working on a proposal in Central America, one team stayed up until 3:00 a.m. making copies of a large proposal. While they had access to a copier, it was an older model that had to be hand-fed and collated one page at a time. If it had not been for the wonderful office staff of a local team member, they never would have been able to complete the task of numbering the pages, making three copies of 600 pages each, conduct the final review, and meet an 8:00 a.m. deadline later that morning.

The compilation, verification, and submission of a proposal can be accomplished from afar, but doing so restricts the amount of local knowledge that can often make the difference. While it may require some additional planning, it is often best if it can be accomplished in the country itself, even if requiring extra effort. In addition, proposal submissions must often be conducted in person, in the presence of the other bidders and sponsor representatives. The preparation of a proposal in the country of the program makes attendance of the official opening of proposals much easier.

Local Language and Translation Services

From the beginning of the solicitation process to the completion of the project itself, it is not uncommon for all correspondence, meetings, documents, and negotiations to be conducted in a language other than English. In some countries, this may be a legal requirement, especially when working with a government agency. The ability to work effectively in a foreign language may very well determine the success or failure of the proposal or project.

The official opportunity or expression of interest on the part of the sponsor is generally the solicitation. This is generally preceded by much informal communication between interested par-

ties and the sponsor. Official documentation is almost always written in the native language of the sponsor and often contains a requirement that all correspondence and offers be written in that language. In the case of some international funding, the language used must generally be one of a limited few in order to be acceptable. These languages generally reflect the members of the bank, for example. Depending on the sources of funds being used by the sponsor, the solicitation package may include a copy of the intended award document, which may also be in a foreign language. The ability to adequately and accurately respond to the solicitation and to identify areas of concern prior to negotiation is dependent on the proper translation of documents.

Identifying an appropriate point of contact for correspondence between the institution and the sponsor is also very important. This individual must have the ability to understand the information, coordinate the needed response, and provide it to the sponsor in the proper language and in a timely manner. It is not uncommon for the sponsor to contact bidders requesting additional information for consideration by the reviewers during the review process, or request a meeting with the institution. These requests generally have a limited response period associated with them. Responses that occur outside of this period are generally not allowed for consideration.

While it is preferable for the institution to have representatives who are fluent in a foreign language, institutions may look to hire domestic or international translation services. These organizations generally offer experienced professionals who can assist in the drafting of correspondence, in the translation of solicitation and contract language, and with on-site meetings and negotiations. These services can be very expensive, however, and an organization must weigh the cost with the anticipated benefits of a successful proposal, especially when these expenses are generally classified as unallowable costs during the proposal preparation and negotiation phase (and, as such, represent an unrecoverable cost to the institution).

Often proposal criteria demand that senior project and field personnel be fluent in the local language. Under these circumstances, the use of translation services and assistance merely during proposal negotiations may not be an option, and the need for these services may very well continue throughout the life of the project; this should be considered, as should inclusion of cost for such services, during the development of the proposal.

There are a number of software packages available that can assist with much of the translation processes. These packages can be configured to recognize regional and cultural variations of some languages. Institutions should keep track of upgrade versions to keep up-to-date or add additional languages as needs arise; however, these programs are not perfect. Their translations can often be very literal and require review and modification by someone who is familiar with both the original and target languages. Imbedding these programs within many of the popular spreadsheet, presentation, word processing and e-mail packages makes it easy to work and translate written work.

In-Country Authority

When working in international settings, it is important to have the proper, locally recognized authority. This is especially important as the authority of the institutional representative may not always be recognized by the laws of the host country. Questions concerning authority and/or validity can also extend to the execution of formal documents on behalf of the organization, the type of visa held by an individual, and teaming agreements identifying a consortium of interested parties participating in the bidding process. Without this authority, months of hard work and effort can become null and void with little or no chance of solving the problem in time to participate.

When preparing to respond to a solicitation, it is important to contact an attorney or knowledgeable individual who is familiar with the laws of the country. Embassy or foreign consulate personnel can also provide valuable assistance and knowledge. In order for institutional authority to be valid outside of the United States, it is common for a power of attorney recognized by the host country, on behalf of the institution, to be required. Without this official documentation, the ability of the representative to legally execute documents in the country may be null and void within the host country. When representing a consortium of organizations, the ability to represent the other organizations within the consortium must also be established and recognized in a similar manner.

In the case of one program in South America, it was learned that despite possession of letters from the provost, university president, and board of trustees granting the authority necessary to obligate the institution, the institution's representative was not legally qualified as an authorized

representative to sign the contract. In addition to having questions about the legal authority of the individual, it was learned that the institution's representative did not have the necessary business visa. The tourist visa (issued through customs at the airport) did not allow the individual to conduct business within the country. The need for local legal counsel or a knowledgeable agent to guide the institution through the maze of ever-changing regulations is immeasurable. It is often better to spend a little money on such legal counsel up front to avoid sending a team overseas for negotiations, only to learn of the difficulties upon arrival (or worse yet, during the negotiations). Trying to identify adequate, affordable legal counsel or knowledgeable agents within an extremely tight schedule is close to impossible. Under these unfortunate circumstances, it is not unusual to pay an exorbitant amount of money. These unfortunate events also typically place additional burdens upon the sponsor, since they must spend additional time and money to begin negotiations with the next qualified bidder. This can result in reducing the confidence level of the sponsor in your organization, affecting future interactions and opportunities.

Once the proper authority has been established and properly documented, it is important that the authorized institutional representative coordinate and supervise interactions with the sponsor. Many times, separate technical and administrative negotiations are held simultaneously to save time. It should be established with the sponsor that all promises and obligations agreed to by other members of the team must be reviewed and approved by the team leader. Learning of a previously unknown obligation made by a member of the team in the middle of final negotiations can present countless difficulties. When possible, it is recommended that the official representative attend all meetings to learn the technical and administrative needs of the project. This will help the official to accurately represent the needs of the entire project and to find mutually beneficial solutions to technical and administrative problems during development and contract negotiations.

This multifaceted approach may take more time and resources than traditional domestic proposal development and negotiation, but will serve to increase the potential for success. Regardless, these efforts will improve confidence levels created with the sponsor, which can only serve to increase the probability of working with the sponsor in the future.

Contract Language

Just as solicitations identify unique and important aspects of the proposal process, the contract should provide information that serves to ensure the success of a negotiation and even later over the course of a project's implementation. One of the most important and influential parts of contract language relates to invoicing. Many foreign countries use loans from international banks to fund their projects, which are often designed to create future revenue streams to be used to assist in repayment of the debt. The initial advance, payment schedule, and invoicing terms have an impact on the future cash needs of the project. While many institutions dealing with US sponsors may be accustomed to 60- to 90-day payment cycles, it is not uncommon for the cycles associated with international projects to extend as much as 180 days or more. A thorough understanding of these terms within the contract allows the institution to conduct an analysis of the anticipated financial needs of the project and to determine whether or not the project will operate with a positive or negative cash flow. This information will assist in determining the proper advance and amortization values for invoicing. On large projects, the problem of negative cash flow can literally determine the success or failure of the work. In the case of some state institutions, approval from the board of trustees or state legislature may be required before the organization can agree to float the project. In the case of some smaller institutions, the amount of money required may be too great and require securing additional cash reserves in order to operate the project.

In addition to requirements related to deliverables, governing law, termination and dispute resolution, the contract will often address tax and personnel issues. Many times educational and nonprofit institutions begin the proposal process under the assumption that their nonprofit status will be recognized in a foreign country, which is not usually the case. For example, during a lengthy negotiation in South America, a team discovered that the sponsor would be deducting 30% from each invoice for income taxes and another 18% for applicable sales tax. Taxes had not been included in the proposal by the bidder, and the institution was faced with the prospect of signing a cost-reimbursable contract and, depending on costs incurred, receiving payment for 52% of the invoice amount. It is important to note, however, that very few institutions are able or willing to share 48% of the costs.

Fringe benefits associated with foreign nationals can present another area of concern. It is not uncommon for the laws of another country to make certain types of benefits mandatory. This information is often found within the contract, but not in the solicitation. These benefits may include bonus pay for holiday periods, resulting in 13 or 14 months pay for 12 months worked. Local laws may require the institution to make contributions to a pension fund or retirement plan. These benefits can add substantially to a proposal budget.

Obtaining a copy of contracts the sponsor has with the lender or subcontractors can provide additional information that can be helpful to the institution during proposal preparation and contract negotiation. The source(s) of funds identified in the lending agreement can help the institution identify the appropriate terms and conditions associated with a particular lender, particularly important when faced with contract language or terms and conditions related to tax liability. The contract language found in the lending agreement should also be examined. During one negotiation process in the Caribbean, a contract from the sponsor included language placing certain tax liability provisions on the bidder. Upon requesting a copy of the subcontract with another company working under the same program and reviewing the terms and conditions, it was found that the agreement clearly stated taxes were not an allowable cost. It also stated that in the event that they were required by an authorized tax authority, the sponsor would immediately reimburse the subcontractor upon presentation of the invoice. The institution was able to use this information to negotiate more favorable language in its own contract.

Lastly, the schedule parameters identified in the contract are no less important. The amount of time needed to establish the institution in the country, to obtain necessary work visas, to identify and hire local personnel, and to mobilize equipment can take a great deal of time. If the contract has a start date of January 1 and the negotiations are completed December 15, and the mobilization requires 45 days, the start of the project will be 30 days late, assuming there are no complications along the way. If the government offices, required to assist in the mobilization, are closed for the holiday season, the mobilization process can be delayed an additional 15 days. The start of the project is delayed at least 45 days. If performance of the project is tied to a particular growing or rainy season or contractor, the institution's ability to meet its obligations can be seriously jeopardized. When combined with the

usual optimism of the research staff, a difficult schedule can quickly turn into an impossible one.

Import and Export Considerations

Over the course of the project it is not unusual for the institution to purchase vehicles, computers, office furniture, special test equipment and other large purchases. Often, these items are not available in the host country and must be purchased abroad and imported. The costs associated with the procurement of these items can be substantial. The lead time required can affect the project schedule and must be taken into consideration as well. Not only must the official lead time be factored into the schedule, but the unofficial lead time must be estimated.

In one case, during the performance of a water-related project, the contractor needed to purchase some special test equipment that was available only in the United States through a distributor located in the intermountain west. The purchase of the equipment was very straightforward, but transporting the equipment to the country was terribly complicated. The trip from manufacturer to the job site involved multiple customs offices in various countries along the way. Upon arrival in the country, there were unofficial delays at the docks. While the institution had done everything possible to ensure delivery, the sponsor was concerned about the delay. In the end, the government sponsor had to use its influence to make things happen.

Regional conflicts are fairly common in many areas of the world. These conflicts can result in the establishment of trade restrictions between neighboring countries or trade agreements between allies. Understanding the nature of these regional arrangements is imperative to successfully obtaining and delivering needed equipment. In addition to these regional considerations, US institutions need to be aware of export restrictions regarding dual-use equipment and software. Dual-use equipment generally refers to those items generally used for science or engineering but have the potential for military purposes. For example, many people are alarmed to learn that something as simple as an electronic handheld game or laptop computer can be subject to certain export restrictions.

A number of years ago an educational institution entered into an agreement with a nation from the former soviet block of nations. The two countries had been working for a few years on space-related research and development. When the

deliverable was completed and sent to the sponsor, it was held up in US Customs. The institution was surprised to learn that it did not have the proper authority or license allowing it to transfer the technology out of the country. The issue was complicated even more by the fact that the delivery schedule was planned in conjunction with a planned space launch. Launch opportunities are not easily changed. In those few instances where it is possible, the associated costs are substantial.

In order to take advantage of the most advanced technology available and avoid complications generally associated with export/import restrictions, the lease/buy decision may provide an alternative worthy of consideration. This can be particularly appealing for those projects where needed vehicles and office equipment are available within the host country. Items that can be purchased in the country are usually configured to function in the conditions found at the jobsite. These conditions may include unique fuel types or voltages. They may function better due to a configuration designed to recognize the unique infrastructure, fuel availability, or power grid found within a particular country. Purchasing these items outside the country would require a certain level of specific knowledge in order to request that the items match a particular configuration to ensure functionality upon delivery.

Nonprofit Status

Educational and nonprofit institutions are structured very differently from commercial counterparts: these differences can affect the terms and conditions institutions are willing to accept as they relate to cost structures of nonprofit organizations. If a foreign sponsor is unable to recognize these differences, it can seriously jeopardize the likelihood of success and dramatically increase the level of risk.

Many foreign sponsors require that the institution agree to be bound by the laws of the host country, including tax and business laws. The structures associated with these laws often require a tax identification number issued by the local IRS (or equivalent) within the country to verify that the institution is legally established in the country and, as an authorized representative, able to sign an agreement. While this is not always a requirement in order to enter into a contract, the requirement does alleviate some of the more difficult legal issues that can arise without such measures.

Taxation can be one of the most frustrating problems. If the institution decides not to establish itself in the host country, then a thorough understanding of local tax law must be considered in the development of a realistic proposal budget. Most countries have two kinds of taxation, income and sales, which, in many cases, can add as much as 30% to 50% to a budget. These costs must be included within the proposal: failure to do so can create a financial disaster for the institution upon award. This is often complicated by a performance bond requirement during the proposal stage, a requirement that penalizes the institution if it refuses to sign a contract after being selected as the winning bidder.

If the institution does decide to establish a non-profit entity recognized by the host country, there are a few additional decisions that must be made:

- First, will the organization establish a local office or run the program remotely from the main campus?
- Second, will the new entity be a local office of the institution or a new entity all together, governed by or reporting to the main office?
- Third, who will represent the organization in the host country? Will it be a local person living in the country, as may be required, or will someone from the United States be responsible and, if so, will local law allow this?
- Fourth, has the institution taken into account the legal obligations of the new entity or office and made arrangements for them to be met? Will these obligations be handled locally or remotely?

The process of establishing a new office or gaining local recognition for the institution can become overwhelming if these issues are not addressed early on. Competent legal counsel within the host country is essential. To identify this help, it may be useful to learn about the process from another US-based entity established in the country. Yet, this process can take a great deal of time and money: the process can take up to one year and cost \$10,000 or more. The costs of meeting additional legal obligations, once the entity is established, can also add additional costs to the process, especially if the organization is required to maintain a local legal representation.

The establishment of a teaming agreement with a local organization that can operate as a subcontractor under the prime agreement is worth consideration and can provide a process by which the institution can work in a foreign country and benefit from the unique opportunities it offers.

Project Travel/Visas

Getting people, supplies, and resources to the job site can truly be challenging. Recognizing the unique aspects of foreign travel helps minimize these challenges and delays that can seriously affect the success of the project.

When involved in international project work, institutions can struggle to get the right people to the right place at the right time: one or two delays along the way can create a much bigger problem at the destination.

Many airlines have a limited number of flights to countries outside of the United States. A missed connection flight may land someone in a strange city or airport overnight. It is recommended to plan at least one or two extra travel days each way to minimize the impact of such a scenario. While en route to a negotiation in the Caribbean, fog in one city caused the negotiation team to miss all of its connections, making it impossible to get to the final destination that day. The airline sent them instead to Puerto Rico for a connecting flight the next day to the final destination. However, the following morning, the airline experienced three mechanical failures prior to departure and the negotiators arrived one hour before the start of the negotiations. The combination of little or no sleep, general travel fatigue, and newness of culture and foreign language can make the actual conduct of business extremely trying.

Prior to departing the United States, institutions should make sure that everyone has the proper visa to accomplish the tasks. Many countries require technical personnel to have special work visas (different from the standard tourist or business visa). Similar requirements may apply to administrative personnel and negotiators. While negotiating in South America, for example, despite having been in the country for over two weeks negotiating the contract, one institution representative learned that he did not have the necessary visa and could not act as an authorized representative to sign the negotiated contract. Instead, the sponsor was going to be forced to send the final contract to one of its consulates in the United States, and the representative was forced to travel back to finalize the contract.

In most foreign cultures, scheduled time is not as rigid as in the United States; therefore, in a culture where meeting schedules are frequently changed, stiff adherence to travel schedules can give a wrong impression and affect negotiation. When making travel arrangements, plan on frequent

changes to the meeting schedules and subsequent changes to arrival and departure dates. Whenever possible, purchase fully refundable and changeable tickets. Discount tickets, though cheaper in the beginning, can end up being more expensive.

Health and Safety Issues

Outside industrialized Europe and the United States, food, water, transportation, and medical service can be much different and far less reliable. Taking the necessary precautions and planning accordingly can make the difference between a successful trip and disastrous one.

"Do Not Drink the Water": this tried and true saying cannot be reinforced enough. Regardless of the assurances by the hotel staff, if it is not bottled, sealed, and provided by a recognized vendor, leave it alone and drink soda, coffee, or spirits. Use bottled water to brush your teeth, and when eating in restaurants, ask for the can or bottle and drinks without ice. Purchase a few extra bottles of water at the airport before leaving the United States and place them in a carry-on bag. If at all possible, bring a portable water filter that is small enough to fit in a case.

Prior to leaving, talk with a physician about the country to learn of any health concerns particular to its region and get any necessary immunizations.

Bring along medication and include a little extra, just in case, as it may not be possible to obtain some medications overseas. Check with your health insurance provider to learn about coverage while traveling abroad: if the provider does not cover foreign travel, secure additional coverage. Lastly, you should obtain emergency medical evacuation insurance, which, in the event of a medical emergency, will provide assistance and coordination of medical personnel and, if necessary, return you to your personal physician via air ambulance.

The US State Department Web site is a wonderful resource that should be consulted for preparations. The site contains information about traveling abroad, and it covers everything from health and safety recommendations to political and economic conditions by country.

Closing Thoughts

International projects can provide some wonderful and exciting opportunities for any institution. Opportunities to exchange cultural, scientific, and other knowledge increase our level of understanding and encourage future projects. The opportunity to study and observe science, administration, and culture in another country can only serve to increase the unique and beneficial results of our efforts.