

FIDIC CONFERENCE – SEPTEMBER 2004

Workshop 3: The challenge for Consultants in developing economies:

The presentation and discussion centred around that in a developing economy the Consultants are often faced with a challenge not only of recruiting qualified staff and getting reasonable fees, but the financing of turnover, staff and IT is a complication. Furthermore, lack of transparent procedures and fair competition is making life difficult. The workshop discussed ways and means to overcome this, drawing on experience from Africa and elsewhere.

The ensuing discussion in both the morning and the afternoon sessions proved to be very lively and covered the following issues:-

1. The biggest challenge facing Consultants in developing countries was said to centre around project delivery with related lack of capacity and staff turnover. Capacity relating to the design of a project is but one issue, but more of a challenge related to the role of the Contractor and the supply of materials and equipment, particularly that none exists locally. These deficiencies needed to be considered at feasibility stage and should not be left to the end of the design phase.
2. Consultants found it difficult to obtain Professional Indemnity insurance and local Associations, with their lack of capacity, were also not able to assist. It was agreed that insurance companies could assist in discussions with difficult clients.
3. Professionalism was a problem particularly in unregulated countries where practically anyone can act as a Consultant. Unqualified people were undertaking engineering work which is a form of fronting. South Africa and Tanzania were tackling this problem through their regulatory bodies.
4. Lack of capacity was exacerbated by a growing economy. Tanzania has initiated a training and mentoring programme to fast-track the delivery of qualified people where CPD was also a feature. In addition, there were heavy fines targeting unqualified people doing work for which they are not qualified. South Africa had initiated a similar strategy.
5. A major role for local Associations was to provide stability within the industry and to promote Best Practice as centres of excellence. Therefore, institution building was considered to be of the utmost importance.
6. Collaboration with foreign companies must be such as to ensure sustainable and adequate skills transfer through joint ventures etc. Association with local and regional Consulting companies was considered to be a priority before collaborating with foreign companies from the developed world. There is a problem with ensuring sustainable local firms because of the erratic nature of projects and political interference. In general, some 80% of Consultants' work originates from Government and local Consultants were compelled to toe the line in order to secure advantage.
7. Consultants from the developed world (Germany) pointed out that it was relatively easy to partner with local Consultants when dealing with technical infrastructure but there is a lack of expertise in the social and economic arenas. Local Consultants must therefore broaden their fields of expertise.
8. Corruption continued to marginalise the use of local expertise and good governance should therefore be promoted at every opportunity. Foreign Consultants are almost always pre-qualified first over the use of local expertise. Donor agencies and their related tied aid foster

this problem. Local Consultants are paid local fees and therefore cannot afford to employ outside specialist expertise when needed.

9. It is necessary to synchronise local with FIDIC strategies in the field of capacity building. Industry institutional structures must be created in order to deal effectively with these issues. Efforts must be made to link local Member Associations with their regional groupings in order to tackle these issues from a position of strength.
10. In order to break from the entitlement syndrome, it was necessary that all these discussions should be solution driven, eg, on the issue of corruption which deprives locals of opportunities, it was also necessary for Consultants to develop the necessary marketing skills to deal effectively with their clients. Why do other professions such as Accountants and Doctors appear more respected. We need to understand that this may be the result of institutional weakness.
11. A view from a developed economy was that the session had identified the issues correctly, but it was important to note that the etiquette of doing business in the developing world requires sustainable partnerships with local Consultants. However, the legal and contractual environment must be such that overseas expertise can be assured of reduced risk and return of investment.
12. It was stated that Engineers were too docile and did not protect their territory. Engineers must start fighting for their rights and this is an area where GAMA can play a leading role.
13. Corruption and good governance are on the opposite ends of the same coin. Good governance and an adequate legislative environment must prevail to ensure Best Practice Procurement and the health of the local Consulting industry. In addition, the Industry regulation to ensure that the practice of engineering thrives to the benefit of local communities was paramount. This is the job of the local Member Associations.