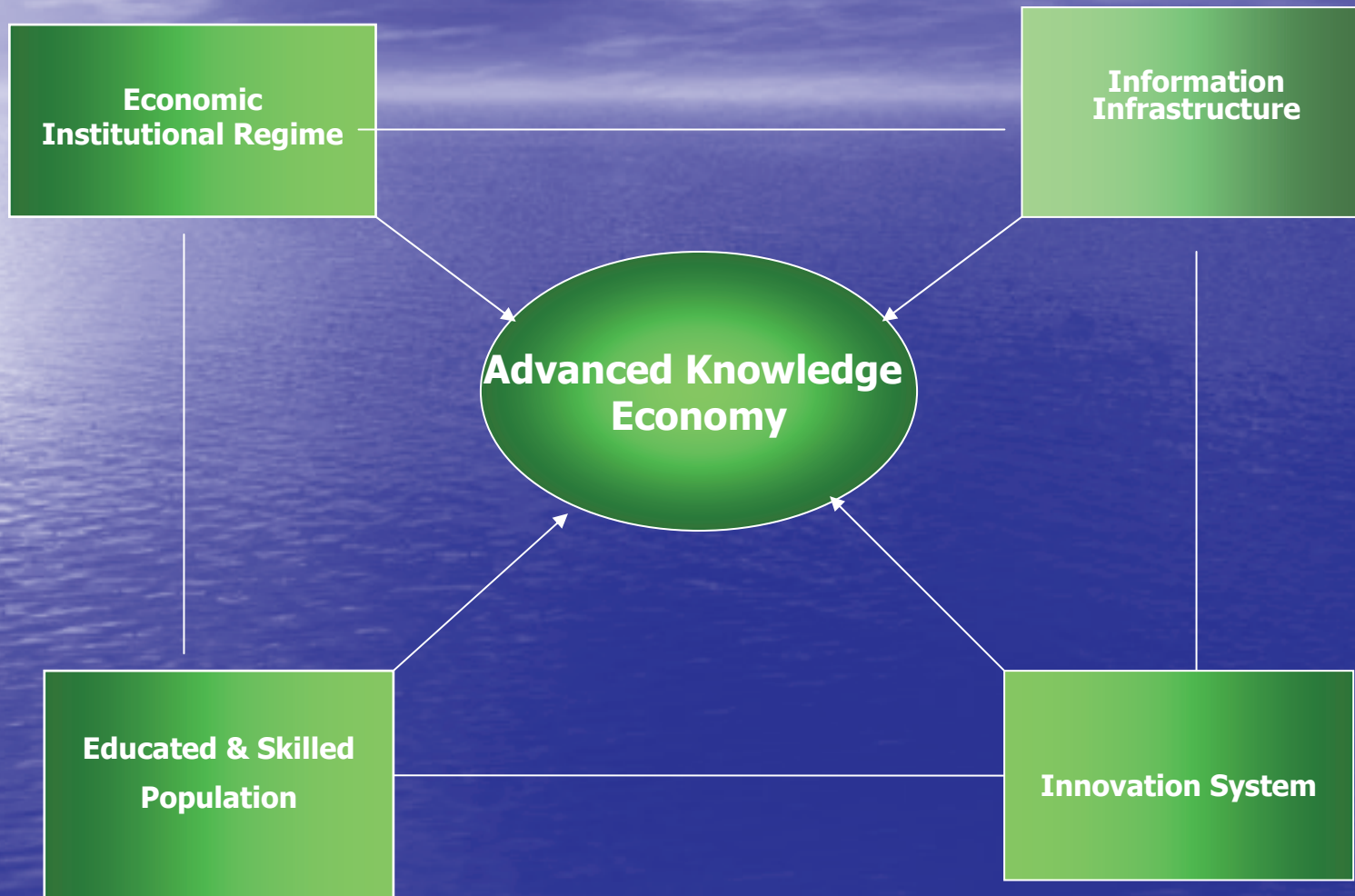


Consulting Services Sector Action Agenda

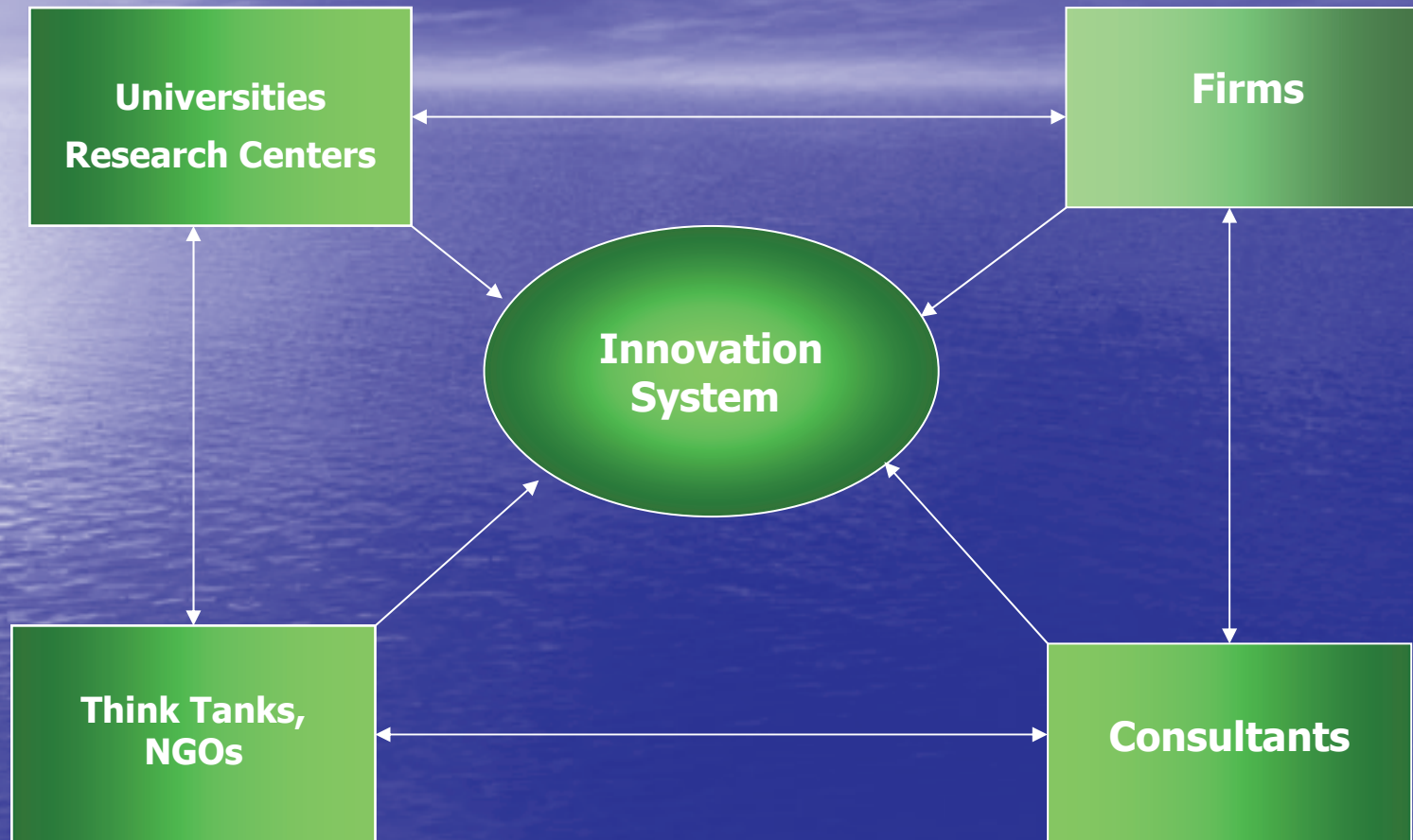
Advanced Knowledge Economy Consulting Services Sector: Action Agenda

Gian Casartelli – Independent Consultant
1319 33rd Street NW, Washington DC 2007

Consulting Services Sector Action Agenda



Consulting Services Sector Action Agenda



Why are Consultants Emerging?

- They deliver “economics of knowledge” for competitive and innovative investment decisions
- Their “external, impartial advise” legitimizes transparent public choices and by doing so:
- They offer “stability of socio-economic frameworks”

Fastest growing segment of the service sector in several countries: USA, Netherland, Australia, UK
Scandinavia, Canada, Ireland

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In some OECD countries, Italy, Spain, Greece, Germany, this organization fails, this includes France, Japan if compared with USA

In Bank borrower countries consulting services, sectors have been in decline since the late 70ties, in others they fail to take off

Bank "Country Consulting Services Assessment (CSA)" for Colombia, Mexico, Vietnam, Pakistan, Peru', Turkey: search for reasons, remedies

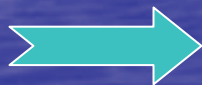
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Key Findings

Weak policy, regulation, erratic PS demand, weak PA capacity, confused institutional framework

These weakness result in

Unsustainable operating environment, low service quality, brain drain, capacity destruction, stagnant productivity levels, frustrated middle class, declining country competitiveness



Professional Poverty Traps

Consulting Services Sector Action Agenda

AA Primary Purpose

- Foster sector leadership, develop strategies for growth, agree on priorities and make commitments

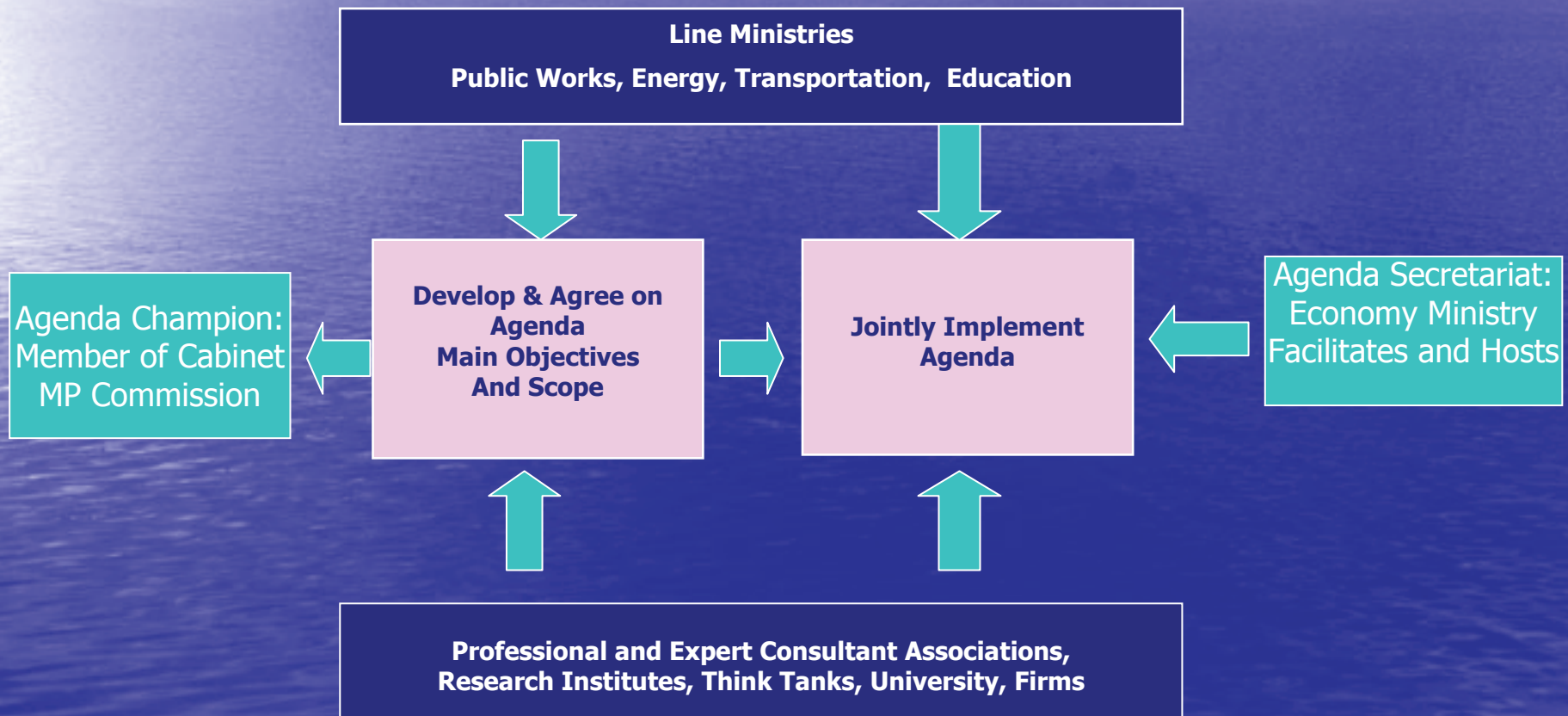
AA Role Players

- Champion: Cabinet Member, MP or Similar
- Secretariat: Ministry of the Economy or Similar
- Forum Leaders: Consultants (Association)
- Partners :Line Ministries, Academia, R&D

AA Steps

- Creation of a Consulting Industry Forum
- AA Drafting Issues & Inauguration 3 Months
- AA Study Phase 12-15 Months
- AA Adoption & Implementation 24 Months

Consulting Sector Action Agenda Working Group: Role Players



Consulting Services Sector Action Agenda

Issues for action

- Vision, strategy, policy
- Procurement Regulation
- PA Capacity
- Consultants Capacity
- Demand Creation and outsourcing strategy
- Role of Associations
- Role of Academia and R&D

Examine Other Countries Experiences

Consulting Services Sector Action Agenda

Issue 1: Vision, Policy on Consultants

Country aspiring to a lively NIS" needs coherent vision, strategy and policy on Consultants

- Vision: Role and aspiration of independent consultants in the AKE
- Compare positive experiences: positive US, Australia, Scandinavia, New Zealand, Nederland; less positive: EU, Japan ; less than positive: Italy, Mexico, Pakistan

AA Recommendation: ,

- Adopt policy and strategy, assign role to public demand in promoting the sector (US, UK, Aus)

Consulting Services Sector Action Agenda

Issue 2: Procurement Regulation

CSA identified recurrent problems:

- Regulation confuses consultants with goods
- Competition is mainly on price
- Formal respect of rules but inefficient contract allocation

AA Recommended actions:

- Organic act on consultants (Ecuador, VN)
- Draft regulation (Colombia, Turkey)
- Application manuals (UK, VT, WB)

Consulting Services Sector Action Agenda

Issue 4: Administration Capacity Assessment

CSA Identified Problems

- Low Professional Levels
- Resistance to external advise
- Low levels of absorption
- Low levels of integrity

AA Recommended Actions: Capacity Development

- Acknowledge Aspirations & Incentives
- Training: Formulation of RFP, ToR, Short List, Proposal Evaluation, Negotiations, Contract Mgmt

Consulting Services Sector Action Agenda

Issue 5 : PA Demand for Consulting Services

CSA findings:

- PA demand remains shallow and erratic
- Low share of consulting services in total procurement
- Potential exceeds actual demand for management, services project preparation, by far
- PA attitude and capacity very important

AA Demand Recommendations:

- Pre-investment funds, TA Credits, Engineering CR for Information Systems, EMS, ITC, engineering & design Economic, Financial Advisory Services, Project Supervision and Result Evaluation

Consulting Services Sector Action Agenda

Issue 6: Industry Capacity Assessment

CSA identify recurring constraints:

- Resource constraints (diasporas, schools)
- Performance evaluation: local focus
- International Comparisons

AA Recommends: Capacity Development Strategy

- Role Player: Consultant Association
- Global Best Practices and standards (FIDIC)
- Linkages with R&D/ University (Intl/ Nat)

Consulting Services Sector Action Agenda

Issue 6 : Supply Assessment

CSA identifies recurring constraints:

- Lack of recognition for the role of consultants
- Regulatory risks
- Business sustainability

AA Recommendations:

- Reduce minimum capital requirements (J)
- Eligibility: Local subsidiaries are local firms (WB)
- Improve on selection policy and regulation
- Fiscal incentives (WB)
- Strengthen capacity of courts of accounts (MX)

Consulting Services Sector Action Agenda

Issue 7: Consultant Associations Role

CSA observes:

- Weak associations
- Consultants associated with conflicting industries
- Absence from international dialogue

AA Recommended actions:

- Lead AA design and monitor implementation
- Develop and lead institutional dialogue
- Coordinate industry capacity assessment
- Update norms and standards
- Demand ethical performance

Consulting Services Sector Action Agenda

Issue 8: University and RD Role

CSA observes:

- Low Productivity Levels
- Many Extracurricular Activities
- Unfair Competition and Sole Sourcing

AA Recommended actions:

- Execute self assessment
- Improve linkages with system/consulting sector rather than competition
- Regulate use of academic resources
- Train post grads become consultants (US)

Consulting Services Sector Action Agenda

Summing Up:

- Complete Agenda ToR, Identify Ministry Champion, Cost Estimate
- AA Commitment, Inauguration
- AA Secretariat begins to operate
- AA components preparation
- Conclusion and official adoption of agenda
- Regular monitoring of outcomes