

Partnership for Consultancy Development

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Introduction

Back in 1930, Engineer Hebert Hoover, the mining engineer from California, recognized the fundamentals of engineer's liability and said, "**The great liability of the engineer compared to men of other professions is that his works are out in the open where all can see them.** His acts, step by step, are in hard substance. He cannot bury his mistakes in the grave like the doctors. He cannot argue them into thin air or blame the judge like the lawyers. He cannot, like the politician, screen his shortcomings by blaming his opponents and hope that the people will forget. **The engineer simply cannot deny that he did it.** If his works do not work, he is damned forever."

This fact indeed demands for Engineers to be vigilant, responsive and devote for enhancing the acceptance of the engineering products by the Society. In those days, the Engineer is brilliantly visible and is considered the symbol of dignity, pride and respect. Today, the Consulting Engineer is more visible in institutional form than individual personality.

The consulting practice in private sector emerged Nepal in late 1960s when a few of the leading engineers took up private practice. At institutional level, the industry started in 1970s. Back in late 1980s, Nepal Engineers' Association played a landmark role, which focused on the issues of the emerging consulting industry and paved way for establishment of SCAEF, which was recognized by the Government as the apex body governing the Consulting Industry in Nepal.

The Public Works Directives formulated by the Government in 2002 provided conditions for institutionalization of the Industry and provided preferential advantage to SCAEF members. This provision was only partially followed by the Government, and totally ignored by the Government owned agencies. Today, the competition is held between the consulting companies of two categories, namely SCAEF members and non-SCAEF members - a competition among those who are committed to Code of Ethics, Integrity and liability, and those who are not.

The modern Consulting Industry is dynamic and vibrant, and its members require facing continuous challenges of upgrading of capability, knowledge base, skill and ability to meet ever changing demand of the Clients, and challenges created by the WTO² regime. The services under WTO regime are delivered through Four Modes of Supply. They are:

1. **Cross-border** (from the territory of one member into territory of other member – banking, architectural services)
2. **Consumption abroad** (users consuming in the territory of supplier- aircraft maintenance, tourism)
3. **Commercial presence** (presence of supplier in users' territory- Established companies as insurance, hotel chain, consultants, contractors, manufacturing)
4. **Movement of natural persons** (presence of supplier as doctor, lawyer, accountant, manager, engineer, architect).

The delivery of services could be entirely done by the exporting countries without the participation and involvement of the importing countries. Several of the donor funded projects are completed without participation of the domestic stakeholders whereas the export of Services to Donor Countries is practically debarred. It has set unfair and unfavorable conditions. The accession to WTO sets a reciprocal environment of import and export of the services provided that the exporting countries take adequate reforms to utilize the opportunities created by the WTO regime.

Based on the new circumstances created, support to the domestic consulting industry requires understanding and building confidence among the stakeholder partners of the industry. This paper briefly looks on the Role of the major partners.

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² The Service covers covers 12 classifications (Business, Communication, Construction & related engineering, Distribution, Educational, Environmental, Financial, Health related Social, Tourism and Travel related, Recreational, Cultural & Sporting, Transport, and Others) and 155 sub-sectors,

On the Role of FIDIC– Leader in Consulting Industry

Founded in 1913, FIDIC promotes the business interest of firms supplying technology-based intellectual services for the built and natural environment. Representing internationally, FIDIC has taken lead and supported the national member associations for ensuring the sustainability of the projects and their business by exercising sound business methods, promoting ethics and enhancing the image of the consulting industry.

Today, Client's needs are changing and the consulting industry must adapt strategies to address the dynamic growth of the market economy. The Consulting Engineer must deliver "value added" services in new ways to meet the client needs. The consulting engineer is required to play a larger and more inclusive role as the projects become more comprehensive and the clients look for innovative ways to deliver the projects within time and limited resources.

Addressing these issues and delivering value added services require deep understanding of the client's needs. In the present context, Strategic alliances and partnering among the international and domestic consultants seems to be the way forward that assures the global competition and complement the services provided required for meeting the competitive needs.

Several times, the efforts required from the consulting industry are so meagre but requires to assume full responsibility of the project outputs. The consulting engineers are called upon to play an important role in new project delivery systems, to be accountable for total project delivery, to seek ways to protect and enhance the natural and social environment, and to protect the Client's interest.

The role of FIDIC as the industry voice to address the needs of its Member Associations and their member firms, and that of the client, society and the environment, from a global perspective is increasingly recognised including the role in eliminating the disparity between the member associations from developed and developing countries.

The strong leadership required at a global scale shall equally encompass the public and private sector clients who are increasingly becoming important partners and pay specific attention to developing understanding and confidence.

On the Role of TCDPAP - a forum for collaboration

TCDPAP is a regional forum of National Consulting Associations, Government Agencies and suppliers of technology, NGO, and institutions supporting the cause of promoting the Consulting Industry. TCDPAP platform has proved to be very useful for boosting export of consultancy services, and for developing collaborative partnership among the consultants. TCDPAP has prepared specific program for alliance for ISO 9000 Certification and Registration with Multi-Lateral funding agencies, and enhancing membership database.

On FIDIC-TCDPAP Collaboration

TCDPAP is a regional grouping designed for enhancing the capacity of the regional consulting industry and strengthening the collaboration among the members for strengthening market positions whereas FIDIC is the pre-eminent organization with an overview of the consulting engineering industry world wide, with ASPAC as its regional representative.

TCDPAP and FIDIC jointly should complement each other, produce more synergy to find solutions to several issues related to Consulting Industry worldwide and creating opportunity to collaborate for partnership among the consultants from over the world for creating market for themselves, intervention in the capacity building process of consultants at local level. TCDPAP and FIDIC require to give adequate time to each other for identifying the compatibility and to sort out the relevant issues.

The presence of the FIDIC President and other senior officials in the several TCDPAP conferences is the true indication of the FIDIC desires for more significant indication of collaboration between the two organizations. It was well recognized that the focus of TCDPAP requires widening to include broader program to reflect the burning issues relevant to the Industry and mobilizing resources for supporting TCDPAP activities. Currently, the Government of India is providing significant support for operating the TCDPAP secretariat through CDC. This collaboration could be more effective since most members of TCDPAP are also FIDIC members.

On the Role of Donor and multi-lateral agencies

The multi-lateral donor agencies, international financing institutions and several other bilateral agencies have demand for high quality consulting services to be delivered for catering the need of their projects, society and nations. The clients and their associates require getting the value for the money they spend and enhance the sustainability of the projects.

It is for certain that a qualified and highly skilled consulting engineer will deliver the desired services to the utmost satisfaction of the clients. This aspect invites to look at how the Consulting Engineer could be encouraged and his challenges would be understood.

The donors and clients approach for acceptance of low priced services has deteriorated the quality of the services provided and subsequently the quality of the projects. This aspect will not improve unless the donors and the clients are serious to check the low priced bidding and creating a dignified market. Nobody can believe that the clients, donor agencies and financial institutions are not worried about the situation and do not care about the quality management requirements. The Consulting Industry is a product of competitive free market economic and based on demand and supply principles. A demand for a strong and vibrant consulting Industry will create an environment for supply of quality services responding to the value of services paid and deliver the quality services at their own. SCAEF has advocated that the Consultants selection method based on QCBS requires introduction of rational pricing based market price supplemented with appropriate profits, which is the soul of the private sector industries. Disclosure of the evaluation procedures is another item that needs to be taken care for improving the understanding of the weaknesses in the procedure. The low price scenario created by the QCBS method of selection of the consultants has prompted for massive brain drain of capable expertise in search of more lucrative and dignified markets.

One good aspect in this direction is the strategy of the donors and the clients to impart capacity building trainings and to assist for development of clear cut guidelines on the issues related to the Consulting Industry. This process requires rigorous practice covering the various aspects of the profession as guided by FIDIC.

Another very important aspect is the continued support for institutionalisation of the consulting industry which demands for restricting the employment of individual consultants at project level for enhancing the accountability, sustainability and professional liability.

On the Role of Private Sector

The Private Sector is one of the major partners utilizing the services of the Consulting Industry. The Business and Industrial Community (B&IC) as the Entrepreneurs for Infrastructure development has greatest responsibility for developing sustainable industry, its allied infrastructure, and protection of environment. Today, the world class corporate bodies are one of the best partners of consulting industry providing sustainable market for the consulting industry and extending the corporate and social responsibility that is dedicated for assurance of safety of life and property, environmental protection and support the high quality of life style of its customers.

In the context of Nepal, the lack of appropriate policy on the development of the Consulting services and broader procurement guidelines, the use of domestic consulting services by the private sector has been very limited. The acquisition of technology and physical assets creation are basically carried out in informal manner which has huge consequences on sustainability because of high cost, low reliability of services, and limited return of the value of money they have spent. Even the regular operational and maintenance services are dependent on informal sources affecting the sustainability. Most of the assets created in the Business and Industry sector are considered vulnerable to major disasters as earthquake and fire, change in occupancy, unauthorized change in structure and planning and would require substantial investment of securing the safety.

SCAEF has taken this issue as a concern of great importance and considers that provided the opportunity they could be right instrument for providing value addition that would enhance the sustainability of B&I and reliability of services required to operate and maintain it. A lot of time and resources will be saved. The development of a pragmatic policy guideline for procurement of consulting services by the private sector could be beneficial to all.

On the Role of SCAEF

The WTO regime has foremost effect on SCAEF with foreign consultants operating in the country at par with domestic consultants, which has several legal consequences. The legal structure related to the operating foreign consultants has not been given much attention and is facing a lot of confusion

with the authorities. SCAEF has brought up a number of issues which require immediate attention of the Government and the donor agencies. Some major issues are related to: a) commercial presence that would require registration with the Company registrar, b) professional representation that would require registration with Nepal Engineering Council for recognition of professional qualifications, c) registration with inland tax office for tax assessment and adjustment, d) registration with Labour Department for work permit and resident visa, e) registration with professional organization as SCAEF for professional recognition, e) reform the constitution of SCAEF for liberalization of the membership provisions and opening opportunities for the global partners. In absence of appropriate legal instruments, the whole process is creating confusion. SCAEF may have a greater role to play in this aspect, and may undertake the issues to be addressed in drafting the proposed Consulting Industry Development Act.

At the same time, SCAEF would require to develop policies and strategies that will:

- Protect the interest of its member firms and employees,
- Explore and Create market for its member firms,
- Advocate for involvement of consulting firms at project level consulting positions
- Monitor and evaluate the performance of its member firms for adherence to the Code of Ethics, Integrity Management Plan of FIDIC, and Anti-corruption campaign of the Government and the Donors
- Eliminate criteria that create fraudulent practices
- Advocate for elimination of the Conflict of Interest
- Advocate for Introduction of Rationale of Priced Proposals (Elimination of evaluation of reimbursable cost and material cost bought with money, Eliminate taxes from reimbursable items or add overheads, maintaining minimum wages and profitability)
- Advocate for transparency of consultants selection procedure, introduction of technical audit and opening for public review
- Encourage competition among equal ranked companies only such as Profit-for-Companies or Non-Profit-for-Companies
- Advocate for enhancing the sustainability
- Pay attention on development of technology, methodology, specification of quality service delivery
- Pay attention on capacity building through providing relevant training,
- Strengthening the networking at international level with fraternity organizations, and
- Develop programs that would enhance the image of SCAEF, its members and the Consulting Industry as a whole.

On the Role of the Government

The Government is always in the fore front of leadership and responsibility chain that includes the Consulting Industry. Paving ways for development of Consulting Industry as a part of national economy also falls within the responsibility of the Government. Most important of all responsibilities of the government in respect to the Consulting Industry would be to:

- Develop Policy for development of the Consulting Industry, its sustainability and enhancing Image
- Establishment of institution for providing encouragement and facilitation for empowering and strengthening of the industry
- Support for strengthening international marketing and representation at international forums
- Develop regulatory and supervisory mechanism for strengthening professionalism and integrity
- Set up of scientific procurement procedure
- Review and Set up Tax system that responds to the service modes established by WTO regime, rational in its structure and pragmatic.

Conclusion

FIDIC recognized Consulting Industry as complex and risky business. The only way to move towards excellence in providing consulting services is to understand the demand and expectation of the clients. At the same time, it is equally important to understand what could be practically delivered and feasible within the given context and time. The understanding among the stakeholders is very important and could be achieved only through continuous mutual consultation as good partners of the game – users and service providers. Strengthening the partnership would mean that each of them have to play their respective role that allow the consultants to deliver the services to the satisfaction of the clients, and assuring the sustainability of the projects and the consulting industry. The TCDPAP Conference with FIDIC as lead can set the environment for the Clients (government, donors, and private sector) and the Consultants to meet together and contribute towards strengthening the industry for enhancing sustainability of the economic development.