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WORLD BANK & ADB JOINT BUSINESS OPPORTUNITY SEMINAR

About ACEP



- Association of Consulting Engineers Pakistan (ACEP) was founded in 1989 to 'Promote Advancement of the Profession of Consulting Engineers in Pakistan'
- International Representation and Memberships;
 - International Federation of National Association of Consulting Engineers (FIDIC)
 - ASPAC (The Asia-Pacific Grouping of FIDIC Member Associations)
 - TCDPAP (Technical Consultancy Development Programme for Asia and the Pacific)



ISSUES OF CONSULTANT FIRMS IN PAKISTAN



ISSUES

Non-familiarity of employer's staff to international standards

- Limited project exposure and knowledge within the employers' staff cause uncertainties and delays. Solutions include delegating project management to another consulting firm or allocating a budget for hiring individuals with international experience.

Non-interest of international firms to participate in local contracts due to less scope

- International firms are showing disinterest in consultancy projects due to lower project volume. Contracts tend to be awarded to lesser-known firms with minimal commitment to Pakistan, leading to local companies with the lowest contract value taking on the entire project's responsibility in the end

Registration of international firms in Pakistan

- International consulting firms must be registered in Pakistan and demonstrate a willingness to collaborate with local consulting firms in order to be considered for contracts.
- Neglecting this could lead to contracts being awarded without the involvement of local firms which adversely affects the delivery of quality services.

ISSUES (Cont.)

Higher guarantees

- The requirement for higher guarantee amounts, such as bid guarantees and performance guarantees, may preclude the participation of local firms. FIDIC conditions of contract are intentionally ignored.

Lack of experience

- Local consultants may lack experience in dealing with procurement processes for international projects, particularly those financed by the World Bank and ADB. This could include understanding procurement guidelines and procedures, preparing bidding documents, and managing the bidding process.

Complex procurement processes

- The procurement processes for World Bank and ADB projects is complex and time-consuming. Local consultants may struggle to navigate these processes, particularly if they are not familiar with the specific requirements of these institutions.

ISSUES (Cont.)

Limited access to information

- Local consultants may have limited access to information about procurement opportunities and requirements for World Bank and ADB projects. This could make it difficult for them to identify suitable projects to bid on and to prepare competitive proposals.

Compliance with international standards

- World Bank and ADB projects often require compliance with international standards and regulations, which can be challenging for local consultants. This could include requirements related to environmental and social safeguards, as well as technical standards for equipment and materials.

Limited resources

- Most local consultants may have limited resources, including financial and human resources, which could make it difficult for them to compete with larger, more established firms for procurement opportunities.

ISSUES (Cont.)

Limited competition

- Limited competition can be a significant issue for local consultants in Pakistan when bidding on World Bank and ADB projects. International consulting firms often have more experience and resources, making it difficult for local firms to compete on an equal footing.

Capacity constraints

- Local consultants may face capacity constraints when it comes to meeting the requirements of World Bank and ADB projects. These projects often require specialized skills and experience, which can be difficult for local firms to develop and maintain.

Corruption and fraud

- Corruption and fraud are persistent challenges in Pakistan's construction industry, and these issues can also affect procurement processes for World Bank and ADB projects. Local consultants may struggle to meet the strict anti-corruption and anti-fraud measures that these organizations require.



CONSIDERATIONS TO ALIGN THE WORLD BANK
PROCUREMENT FRAMEWORK WITH PPRA
& PROVINCIAL PPRA REGULATIONS



CONSIDERATIONS

LEGAL REQUIREMENTS:

- The first consideration is aligning the World Bank & ADB procurement framework with Federal & Provincial PPRA & PEC regulations which is legally feasible. This will depend on the specific regulations and laws in Pakistan, as well as any agreements that the government has signed with the World Bank & ADB.

HARMONIZATION OF PROCEDURES:

- The next consideration is how to harmonize the procurement procedures between the World Bank & ADB with Federal & Provincial PPRA and PEC. This will involve comparing the frameworks and identifying areas where they overlap or diverge. The goal is to create a procurement process that is consistent with both frameworks and meets the needs of all stakeholders.

CAPACITY BUILDING:

- Aligning the procurement framework of the World Bank and ADB with Federal and Provincial PPRA and PEC regulations requires capacity building for local consultants and government officials involved in procurement. This ensures a clear understanding and transparent implementation of the new procedures.

CONSIDERATIONS (Cont.)

MONITORING AND EVALUATION:

- Overall, aligning the World Bank & ADB procurement framework with PPRA regulations can help to streamline the procurement process and make it more transparent and efficient. However, it will require careful consideration of legal requirements, harmonization of procedures, capacity building, and monitoring and evaluation. The procurement system of Federal and Provincial PPRA are already well defined and bidding procedures, complaints, etc. can be easily handled.

NEGATIVE MARKING FOR LOW QUOTED PRICE

- There should be negative marking for Consulting firms quoting less than 15 percent of estimated price otherwise firms because of immaturity in the industry consulting firms quote ridiculously. Low prices which are not easier to fulfill later on in their obligations.

CONSIDERATION OF SUB-CONSULTANT'S EXPERIENCE

- While evaluating the experience of the Consultants, the experience gained as Sub-Consultants is not given any weightage. It is suggested that the experience as Sub-Consultants may also be evaluated.

CONSIDERATIONS (Cont.)

JV ACCOUNT CONDITION

- A condition of JV Account is being imposed on funded projects for receipt of Payments by the JV. This has implications of double taxation. It is therefore suggested that each partner of the JV may be paid as per his share of JV/Inputs and condition of JV Account may not be imposed.

CONSIDERATIONS (Cont.)

ELIMINATE THE BID SECURITY & PERFORMANCE GUARANTEE FROM CONSULTANCY CONTRACTS

- Most of the Clients demand for bid security, 10% performance Guarantee and also deduct 10% retention money from consultancy invoices. This creates financial constraints to the consultants for bidding as well as in carrying out their services. As per FIDIC & PEC provisions above requirements pertain to the constructors only. As these requirements from the Consultants are against FIDIC & PEC guidelines, therefore, clear directions to the recipient of consultancy services may be issued.

Billing Rates

- In some cases, Consultant's employees are discussed for their permanent/ non-permanent status and adjustments are made in billing rates. This is wrong interpretation of standard RFP's provision regarding sub-contracted experts which allows 25% management charges on billing rates. We believe that consultant's staff included in the Company's Audit Report cannot be treated as sub- contracted experts, hence, necessary clarification may be issued to all consultancy services recipients.

Linking the Price adjustment with Financial year

- In all consultancy companies, Salary Revisions/Increments of the Consultant's staff is offered on start of the financial year, hence, price adjustment of the billing rates should be linked with financial year with respect to the financial year of the receipt of the proposals. Moreover, for direct cost staff salaries, escalation may also be allowed.

CONSIDERATIONS (Cont.)

In fixed cost time-based contracts (with provision of CPI based price adjustment) extent of the audit should be clearly specified which should be up to extent of initial verification of charge rates of the individual staff at the time of their mobilization. Later on, time charge and CPI adjustment claimed w.r.t to Pakistan Statistic Bureau, and direct cost can be verified.

A provision be made in standard format of Consultancy Agreement for settlement of any dispute prior to Arbitration such as Dispute Board in works contracts.

The payment of professional Liability insurance should not be on part of the consultants and may be provided through Provisional Sum under the Contract.

For fair competition of the participating bidders, the reimbursable costs pertaining to key equipment such as Vehicles, Computers, Site offices and Furniture etc. should be made part of the provisional Sums under the contract.

Against mobilization advance, Insurance Guarantee from AA plus rating agency may also be allowed.

Thank You!