

Consulting Profession - Industry Issues and Challenges - ACEP

Highlighting the Role and Quality of Consulting Engineering in Development Projects, with a Focus on Pakistan

Significance of Consulting Engineering

The consulting engineering profession plays a vital role in planning, designing, and executing development projects globally.



Discrepancy in Growth vs. Quality in Pakistan

Despite being the amongst the largest segment, the quality of consulting engineering services in Pakistan lags behind its rapid growth.

Role of Professional Societies

Empowering Growth Through Knowledge Dissemination and High Standards



Critical Role in Knowledge Dissemination

Professional societies have been instrumental in disseminating valuable knowledge within the consulting profession.

Promoting High Standards

These institutions have actively worked towards promoting high technical and professional standards in the consulting industry.

Conducting Research and Training

Professional societies have played a crucial role in conducting research and providing training to enhance the skills and capabilities of consulting professionals.

Evolution of Consulting Profession (Pakistan)

Challenges in Professional Standards Formation



Emergence in Public Sector

The consulting profession originated in the public sector in Pakistan, lacking competition and support from universities and professional societies.



Weak Institutional Support

Professional standards in developing countries suffer due to inadequate support from universities, professional societies, and weak governance in nurturing a strong consulting profession.



Limited Governmental Support

Governments, while protecting local firms from foreign competition, have failed to nurture a robust consulting profession, resulting in a lack of competition and professional growth.

Characteristics of Consulting Profession in Pakistan

An insight into the dominance of public sector firms and challenges faced by private firms



Dominance of Public Sector Firms

A few large public sector firms dominate the consulting market, securing work without competition.



Challenges for Private Firms

Small and medium private firms struggle to attract and retain qualified staff due to market uncertainty and lack of experience.

Government's Role and Challenges in Consulting Profession

Impact of Government Strategies on Consulting Profession



☐ Preference for Public Firms

Governments in developing countries show a preference for public consulting firms due to perceived experience and expertise.

☐ Reliance on Foreign Consultants

Excessive reliance on foreign consultants is observed, driven by their broader experience and superior technical staff.

☐ Financial Impairments to Domestic Firms

Issues such as excessive reliance on price bidding, payment delays, and reimbursement problems significantly impact the financial viability of domestic consulting firms. Delays in procurement processes impact financial viability of bids due to escalation/ hyper-inflation.



Optimal Solution for Client Requirements

Quality in consulting refers to finding the best solution that meets the client's needs effectively.



Key Dimensions of Quality

Quality encompasses project efficiency, safety, constructability, life-cycle costs, social efficiency, environmental impact, sustainability, and more.

Quality Definition and Dimensions

Defining Quality in Consulting Profession

Understanding quality in consulting work, focusing on the consulting firm's role in ensuring quality throughout the investment cycle.

Project Development Insights

Importance of Feasibility and Design Studies

Maximizing Project Quality and Cost Efficiency



#1

Balancing Project Objectives

Feasibility and design stages ensure a delicate equilibrium of project objectives.

#2

Foundation for Quality

These stages form the bedrock for project quality and play a decisive role in controlling lifetime costs.

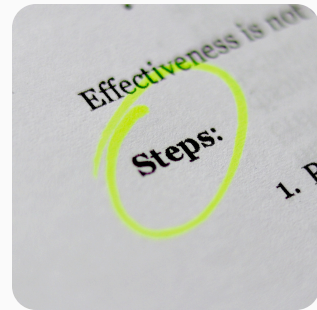
#3

Influencing Quality and Costs

Opportunity to exert maximum influence on project quality and lifetime costs is the highest during feasibility and design stages.

Basic Strategy for Developing Consulting Profession

Proposed Strategy Focus on Policies, Institution Building & Quality Work Environment



Establishing Policies

Initiating policies to address major constraints hindering the profession's growth.



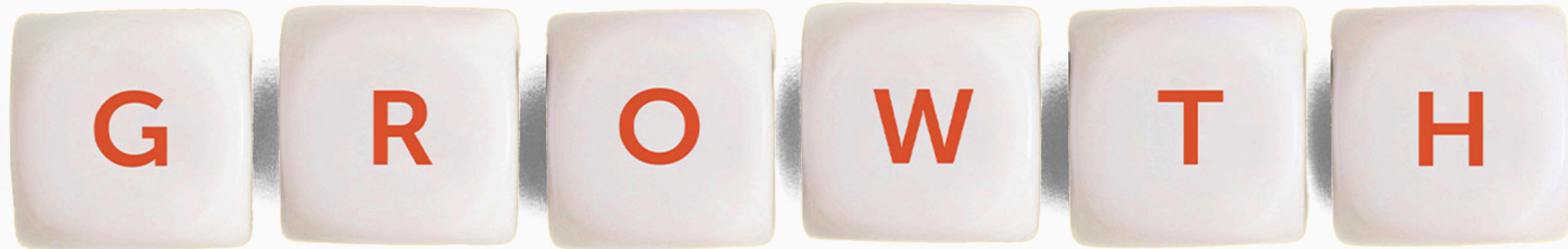
Building Institutions

Developing institutions to uphold quality standards and foster professionalism within consulting firms.



Encouraging Quality Work Environment

Creating a conducive environment that motivates consulting firms to deliver high-quality services.



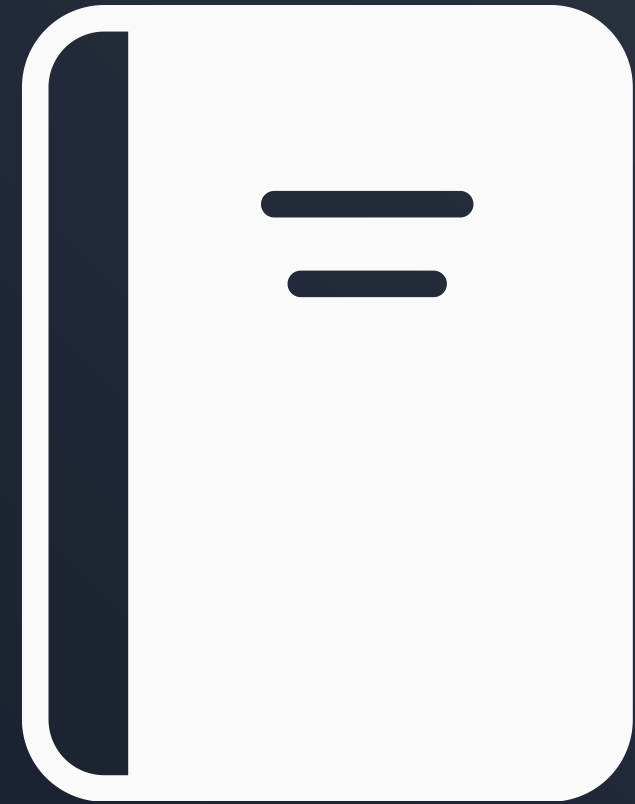
Quality and Efficiency in Investment Programs

Objectives of Developing Consulting Profession

Ensuring Quality and Efficiency in Investment Programs

Quality Assurance in Investment Programs

Developing the profession aims to ensure the quality and efficiency of investment programs through establishing systems that require clients to demand, value, and promote quality work.



Forming Joint Ventures

Encouraging domestic firms to establish partnerships with foreign firms.

Special Incentives for Long-Term Ventures

Providing special incentives to promote the development of long-term joint ventures.

Acceptance of Domestic Partner Sponsorship

Accepting the sponsorship of the domestic partner in joint ventures where appropriate.

Joint Venture Promotion

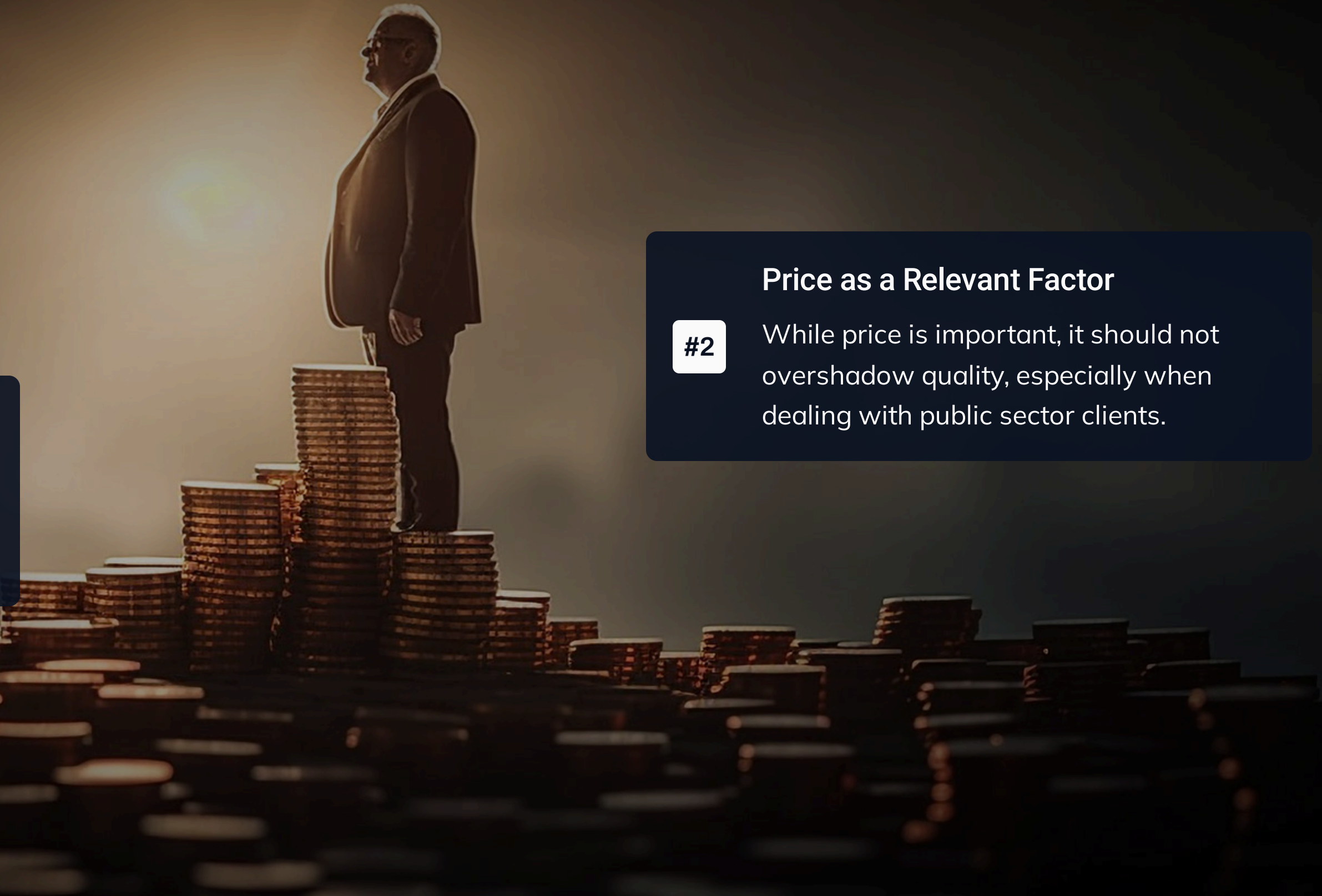
Encouraging Domestic-Foreign Joint Ventures

Enhancing Professional Skills through Collaborations



Balancing Pricing and Quality

Prioritizing Quality over Price in Consultant Selection



Quality is Paramount

Quality should be the primary consideration in selecting consultants to ensure optimal project outcomes.

#1

Price as a Relevant Factor

While price is important, it should not overshadow quality, especially when dealing with public sector clients.

#2

Quality Enhancement

Implementing Peer Reviews

Enhancing Quality Through Independent Reviews



Enhanced Quality

Independent or peer reviews enhance quality by making firms more vigilant and reinforcing internal quality management, particularly during project feasibility and design stages.

Key Actors in Developing Consulting Profession

Roles of Key Actors in Advancing the Consulting Profession

Governments

Act as principal clients and influencers in shaping policies and strategies for the consulting profession.

National Development Banks

Provide financial and technical support to domestic firms for capacity building and project execution.

Associations of Consulting Firms, Professional Societies and the Construction Industry

Play vital roles in disseminating knowledge, promoting standards, and fostering a conducive environment for the consulting profession.



Recommended Program Framework

Tailored Policies and Programs for Developing the Consulting Profession

#1 Tailored Plans

Detailed plans are to be prepared post macroeconomic evaluation and domestic profession assessment.

#2 Key Actors Enhancement

Recommendations for policies and programs to enhance key actors involved in the consulting profession.

#3 Country-Specific Framework

Tailoring policies and programs to fit the unique conditions of the country's consulting profession.

Contract Types and Remuneration Practices

Recommendations for standardizing remuneration practices and contract types to avoid compromising quality



#1 Implement Standard Remuneration Practices

Utilize the salary cost times multiplier plus direct expenses for remuneration to ensure fair compensation and sustainability.

#2 Avoid 'Lump Sum' Contracts

Eliminate 'lump sum' contracts to mitigate risks associated with compromising quality and accuracy in project delivery.

#3 Discourage 'Percentage of Construction Costs' Contracts

Discourage the use of 'percentage of construction costs' contracts due to inherent quality risks and potential conflicts of interest.



Understanding Costs

Selective case studies are essential to examine the financial and economic costs related to deficiencies in feasibility studies and project design.

Case Studies Impact

Conducting Selective Case Studies

Highlighting the Importance of Case Studies in Evaluating Consulting Services

Process

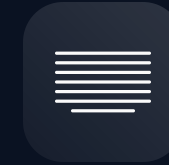
Improving Administrative Procedures

Recommendations for enhancing consultant services by improving administrative procedures



Improve procedures to eliminate payment delays

Enhancing administrative processes to streamline payments and remove delays in compensating consultants.



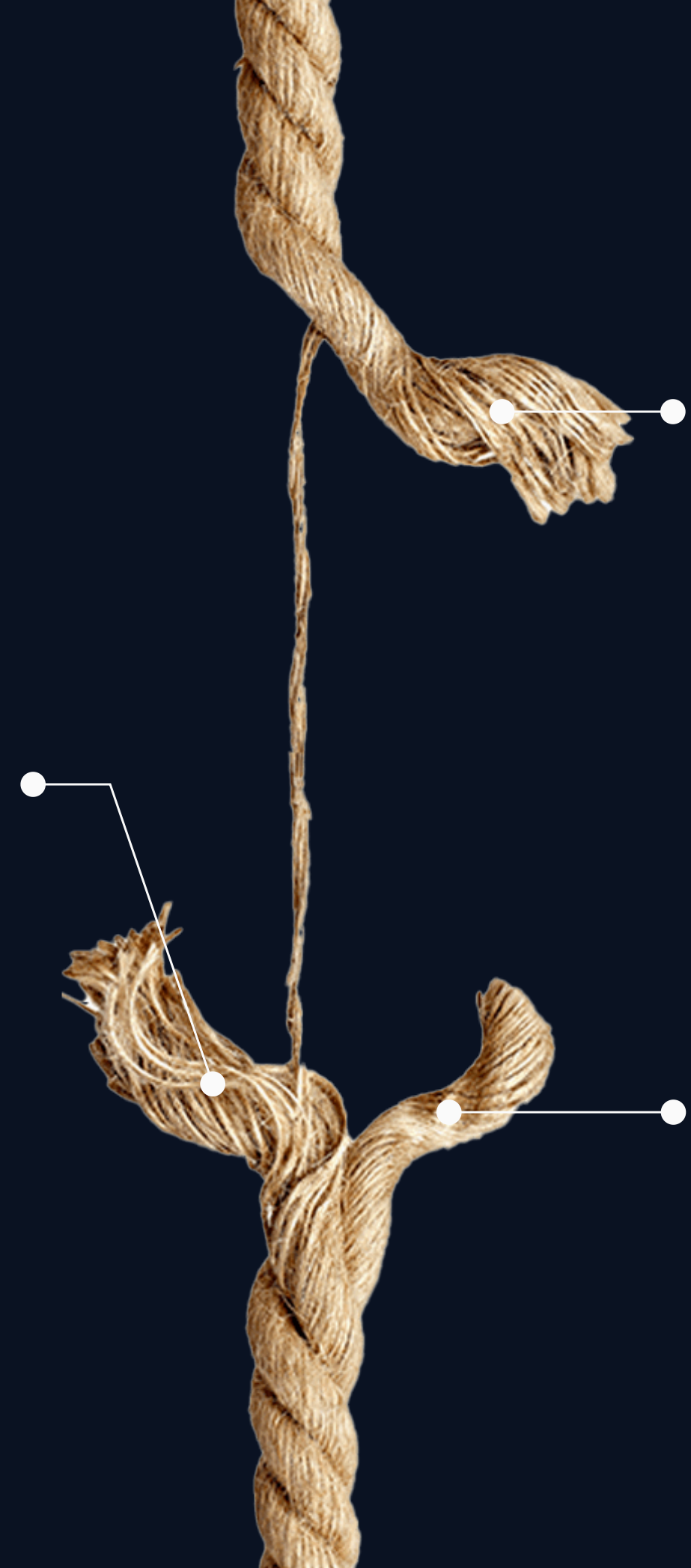
Standardize mobilization payments

Implementing standardized procedures for mobilization payments to facilitate prompt disbursements and project commencements.



Utilize revolving funds effectively

Ensuring efficient utilization of revolving funds to support ongoing projects and maintain financial stability for consultants.



Financial and Technical Assistance

Supporting Domestic Firms Financially and Technically

The Role of National Development Banks in Assisting Domestic Consulting Firms



Assistance for Physical Facilities

Providing support for infrastructure and facilities required by domestic consulting firms.



Equipment Support

Aiding in acquiring necessary tools and equipment for operations by domestic consulting firms.



Working Capital Assistance

Offering financial support for day-to-day operations and sustainable growth of domestic consulting firms.



Training Support

Providing resources for training programs to enhance the skills and capabilities of staff in domestic consulting firms.

Professional Development

Strengthening Professional Societies and Universities

Enhancing Professional Standards through Global Partnerships



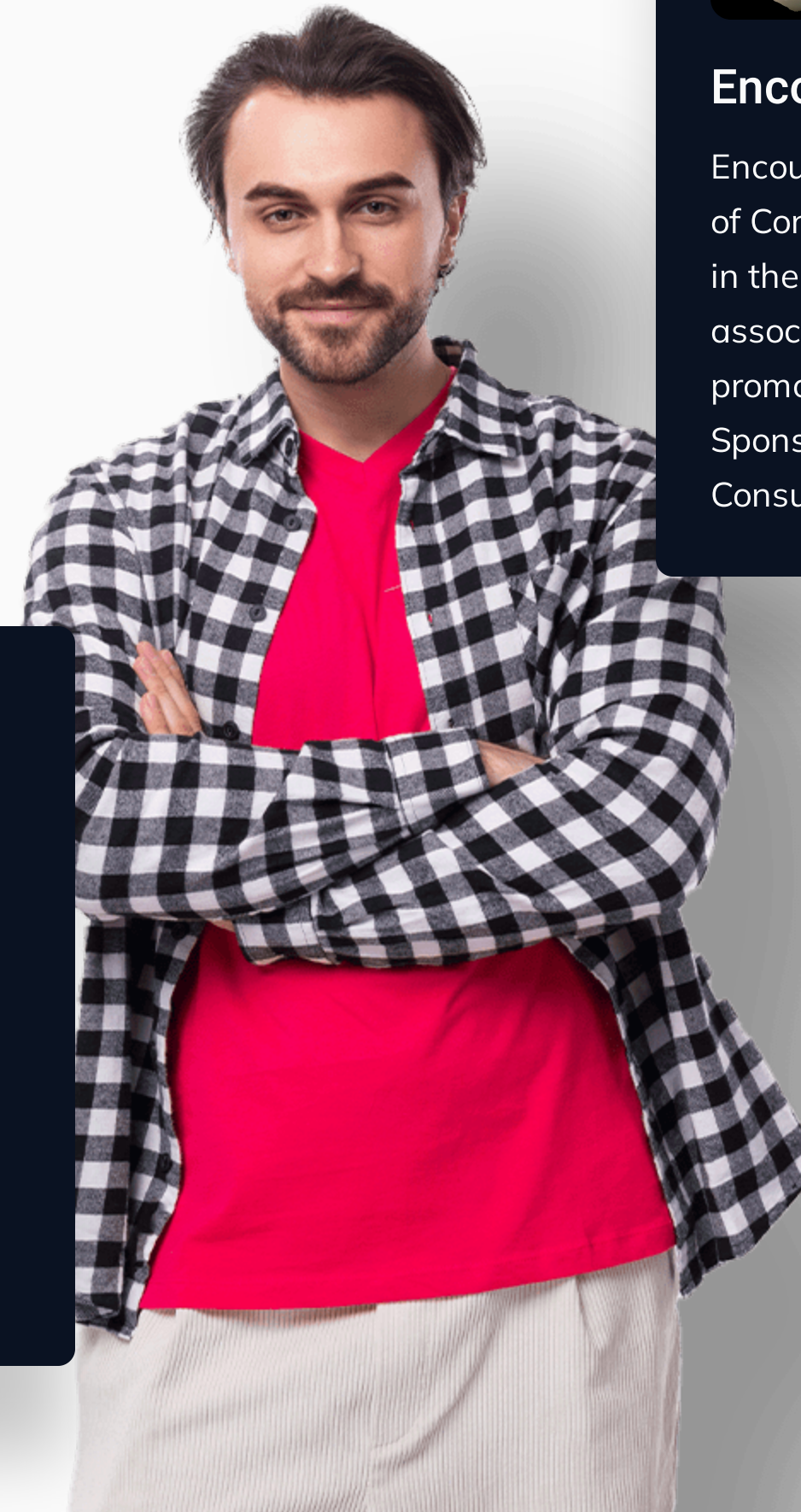
Establish 'Twinning' Arrangements

Professional societies and universities should establish 'twinning' arrangements with industrial countries to enhance professional standards and knowledge exchange.



Encourage FIDIC Support

Encourage the International Federation of Consulting Engineers (FIDIC) to assist in the formation or strengthening of associations of consulting firms to promote best practices and standards. Sponsoring Training programs for Consulting and Contracting Industry.



Professional Development

Establishing Trust Funds and Training Programs

Importance of Trust Funds, Fellowships, and Training Programs in Developing the Consulting Profession

FUNDS

Establish Trust Funds, Fellowships, and Honors Programs

Creating financial mechanisms and recognition schemes to support research and acknowledge outstanding contributions within the profession.



Implement Management Training Programs for Consulting Firms

Introducing educational initiatives to enhance managerial skills and professionalism within consulting organizations.





Train Client's Staff Effectively

Implement programs to equip client's staff with skills to manage consultants efficiently.



Prioritize Capacity Enhancement

Focus on programs that enhance the capacity of client's staff in effectively managing consultants and at the same time evolve mechanisms to enhance Consultants Capacity.

Capacity Building Strategies

Training Client's and Consultants Staff

Enhancing Capacity in Managing Consultants

Efficiency in Contracting

Efficient Contracting Systems in Construction Industry

Supporting the Consulting Profession through Efficient Contracting Systems

Importance of Coordination

Establish a coordinated program between consulting and construction industries for mutual benefit.



Develop Comprehensive Systems

Create systems addressing constructability, productivity, and timely payments. Ensure consistency in evaluation criteria and RFP across the country to check favouritism.



Government Initiatives for Developing the Profession

Recognizing and Supporting the Consulting Profession



▣ Establish Policies

Governments should create policies to foster the growth and development of the consulting profession.

▣ Assist Professional Institutions

Support should be provided to professional institutions to enhance quality standards and promote professional growth.

▣ Identify Focal Point

Governments need to designate a focal point responsible for coordinating, monitoring, and strategizing the profession's development initiatives.

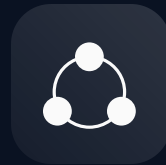
Role of International Development Banks and Donor Countries

Assistance in Developing the Consulting Profession



Encouragement of Domestic Consultants

The World Bank promotes the use of domestic consultants and prioritizes quality in projects.



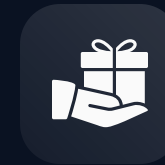
Promotion of Joint Ventures

Recommendations include fostering joint ventures between domestic and foreign firms to enhance capabilities.



Clarity in Guidelines

Clarifying guidelines to align with the focus on quality and encouraging long-term joint ventures.



Support for Government Programs

Assisting governments through financial and technical support for the development of the consulting profession.

World Bank's Assistance to Governments

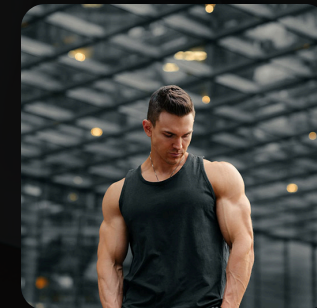
Ways to Support Domestic Consulting Profession

Surveys in Sector Work



Include surveys of the domestic profession within sector work to assess and enhance the profession's capacity.

Program Formulation Advice



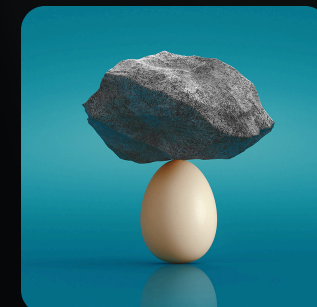
Advise and assist governments in formulating programs tailored to develop the domestic consulting profession effectively.

Technical Assistance Loans



Provide technical assistance loans to support government initiatives aimed at fostering the growth and quality of domestic consulting firms.

Quality Deficiencies Methodologies



Develop methodologies for quantifying quality deficiencies in projects, focusing primarily on feasibility and design stages.

Strategic Support

Role of IFC and EDI

Supporting Local Consulting Firms and
Promoting Quality Work

IFC Financial Participation

IFC should actively engage in financially supporting local consulting firms to enhance their capabilities and competitiveness.

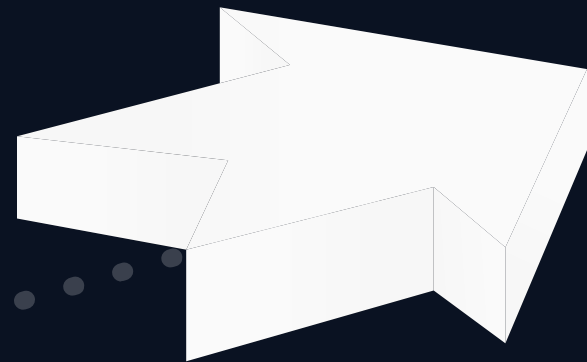
EDI Curriculum Emphasis

EDI should prioritize the importance of quality work in its curriculum to instill a strong foundation of professional standards in future consultants.

Action Recommendations

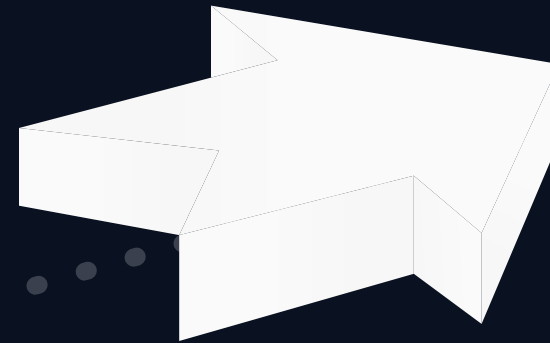
Recommendations for Regional Development Banks and Bilateral Donors

Assisting in Developing the Consulting Profession



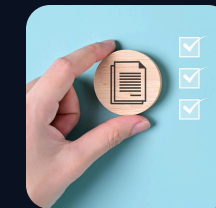
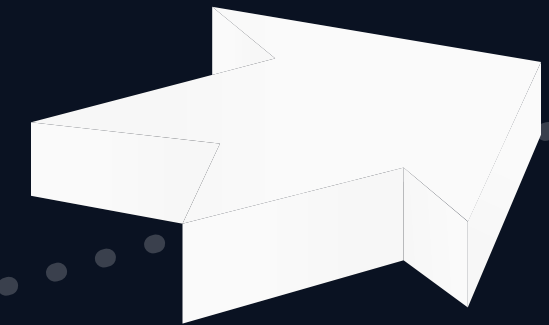
Encourage Joint Ventures

Promote collaboration between domestic and foreign firms to enhance professional and management skills.



Promote 'Twinning' Arrangements

Establish partnerships between institutions in developed and developing countries to boost professional standards. Need to get representations in Developments Banks where Pakistan is not Listed e.g African Development Bank



Modify Requirements for Assistance

Adjust terms to encourage flexibility and support the use of consultants from various sources.

Strategic Development

Conclusion and Future Steps

Strategies and Future Steps for Developing the Consulting Profession in Developing Countries

#1

Establishing Policies and Programs

Implement policies, procedures, and programs to address major constraints of the profession.

#2

Building Professional Institutions

Strengthen institutions to promote quality and professional standards of consulting firms effectively.

