

Building African Consulting Capacity

Capacity Building and Support to African Consultants in the Private Sector

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University Based African Consultants in Nordic and Canadian Development Aid

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«It has been observed that today, after more than 40 years of technical assistance programmes, 90 per cent of the \$12 billion spent on technical assistance [in the context of international aid] is still spent on foreign expertise - despite the fact that national experts are now available in many fields.»

Kofi Annan

Excerpt from *The Causes of Conflict and the Promotion of Durable Peace and Sustainable Development in Africa* (1998). Secretary General's Report to the United Nations Security Council

Note:

This report is part of a series prepared for IDRC with co-funding from SIDA, CIDA and the RMFA, Norway. The reports in this series include:

1. Dufour, Fine and Rostenne (1995). *Utilizing African Professionals in Consulting*. Ottawa: IDRC
2. Lavoie and Razanadrakoto (1997). *Study on the Utilization of African Consultants in West Africa*. Ottawa: IDRC
3. Tvedten, Fuller and Rebelo (1999). *University-based African Consultants in Nordic and Canadian Development Aid*.
4. Lavoie and Razanadrakoto (1999). *Capacity Building and Support to African Consultants in the Private Sector*.

Table of Contents

ACRONYMS	i
Currency Exchange Rates	ii
EXECUTIVE SUMMARY	iii
Capacity Building and Support to African Consultants in the Private Sector	
INTRODUCTION	3
CONTEXT	3
Structure of Report	3
Methodology	3
Terminology	4
LITERATURE REVIEW	5
1.1. INTRODUCTION	5
1.2. USERS' PERCEPTIONS	5
1.2.1. Strengths	5
1.2.2. Weaknesses	6
1.2.3. Roles and Responsibilities of Local Consultants	6
1.3. MAIN ISSUES	6
1.3.1. Capacity of African Consultants	6
1.3.2. Behaviour of Local Governments	7
1.3.3. Donors and Local Consultants	8
1.4. INITIATIVES	8
1.4.1. The Federation of African Consultants (FECA)	8
1.4.2. Donors' Initiatives	8
THE CURRENT POLICIES AND PRACTICES OF AID DONORS	10
2.1. BILATERAL DONORS: CANADIAN AND NORDIC COOPERATION	10
2.1.1. Similarities	10
2.1.2. Differences	11
2.2. MULTILATERAL DONORS	12
2.2.1. The World Bank	12
2.2.2. The African Development Bank	13
2.2.3. UNDP	13
2.2.4. Conclusion	14
THE ROLE OF LOCAL PRIVATE CONSULTING BUSINESSES	15
3.1 THE IDRC REPORTS	15
3.1.1 Utilizing African Professionals in Consulting (1995)	15
3.1.2. Study of the Utilization of African Consultants in West Africa (1997)	16
3.2. DIAGNOSIS	18
3.2.1. Demand for Consulting Services	18
3.3. HISTORIC AND CULTURAL LEGACY	23
3.4. IMPLEMENTATION PRIORITIES	24
RECOMMENDATIONS	25
4.1. SUPPORT FOR ESTABLISHING SYSTEMS CERTIFYING LOCAL CONSULTANTS	25
4.2. SUPPORT FOR ESTABLISHING REGISTRATION SYSTEMS OF LOCAL CONSULTANTS AND LINKS TO INFORMATION SYSTEMS ON INTERNATIONAL DEVELOPMENT PROJECTS	25
4.3. SUPPORT FOR ESTABLISHING PERMANENT, OR PROJECT-BY-PROJECT, PARTNERSHIPS BETWEEN CONSULTING COMPANIES IN AFRICA AND THE NORTH	27
4.4. ENHANCE PROFESSIONAL OPPORTUNITIES FOR YOUTH	27

REFERENCES	28
LIST OF REFERENCES	28
University-Based African Consultants In Nordic and Canadian Development Aid	
1. INTRODUCTION	33
2. AFRICAN RESEARCH INSTITUTIONS	35
3. NORDIC AND CANADIAN AID ORGANIZATIONS	37
3.1 CONSULTANTS	37
3.2 RESEARCH COOPERATION	41
4. UNIVERSITY-BASED CONSULTING IN MOZAMBIQUE AND NAMIBIA	45
4.1 MOZAMBIQUE	45
4.1.1 Introduction	45
4.1.2 Universities and Consulting	46
4.1.3 Local Consultants in Nordic and Canadian Aid	48
4.2 NAMIBIA	51
4.2.1 Introduction	51
4.2.2 Universities and Consulting	51
4.2.3 Local Consultants in Nordic and Canadian Development Aid	54
4.3 PREFERRED INTERVENTIONS	56
5. CONCLUSIONS AND RECOMMENDATIONS	57
5.1 CONCLUSIONS	57
5.2 RECOMMENDATIONS	57
5.2.1 Universities	57
5.2.2 Aid organizations	58
5.2.3 Research Support Programs	58
6. LIST OF REFERENCES	60
APPENDIX 1: LIST OF PEOPLE MET	63
APPENDIX 2. TERMS OF REFERENCE	65
APPENDIX 3. QUESTIONNAIRE, AFRICAN CONSULTANTS	67

ACRONYMS

ACBF	African Capacity Building Foundation
AfDB	African Development Bank
AGETIP	Agence d'Exécution des Travaux d'Intérêt Public
ALCDP	African Local Consultancy Development Program
BNETD	Bureau National d'Étude Technique et de Développement
BOM	Bureau Organisation et Méthodes
CAD	Canadian Dollar
CAFRAD	African Training and Research Centre in Administration for Development
CCU	Consultancy Coordinating Unit
CGIAR	Consultative Group for International Agricultural Research
CIDA	Canadian International Development Agency
CMI	Christian Michelsen Institute
CODESRIA	Council for the Development of Social Science Research in Africa
CRDI	Centre de Recherches pour le Développement International
DAC	Development Assistance Committee
DANIDA	Danish International Development Assistance
DCGTX:	Direction Centrale des Grands Travaux (Côte d'Ivoire)
DRFN	Desert Research Foundation of Namibia
ECA	Economic Commission for Africa
EEC	European Economic Community
ENRECA	Enhancement of Research Capacity in Developing Countries
EU	European Union
FECA	Fédération des Consultants Africains (Federation of African Consultants)
GCLPL	Groupe Conseil Louis-Philippe Lavoie
GDP	Gross Domestic Product
GRNB	Natural Resources and Biodiversity Group
GTZ	Organization for Technical Cooperation (Germany)
IDRC	International Development Research Centre
LLDC	Least Less Developed Country
MFA	Norwegian Ministry of Foreign Affairs
MRC	Multi-disciplinary Research Centre
NAFTA	North American Free Trade Act
NEPRU	Namibia Economic Policy Research Centre
NGO	Non-Governmental Organization
NOK	Norwegian Krone
NORAD	Norwegian Organization for Development Cooperation
NUFU	Norwegian Council for Universities, Committee for Development Research and Education
OAU	Organization of African Unity
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OSSREA	Organization for Social Science Research in Eastern and Southern Africa
RFP	Request for Proposals
RMFA	Royal Ministry of Foreign Affairs (Norway)
SAREC	Swedish Agency for Research Cooperation
SEK	Swedish Krone
SIDA	Swedish International Development Authority
SIU	Centre for International University Cooperation (Univ. of Bergen, Norway)
SME	Small and medium-scale enterprises
SSD	Social Sciences Division
UA	Unit of Account (AfDB)
UEM	Universidade de Eduardo Mondlane
UNAM	University of Namibia
UNDP	United Nations Development Program
WB	The World Bank

Currency Exchange Rates

100 NOK (31.01.99)

Canadian Dollars (CAD)= 20,0
Danish Kroner (DKK) = 85,2
Namibian Dollars (N\$) = 76,0
Swedish Kroner (SEK) = 103,6

Executive Summary

The development of local consultants is a key component of capacity building. The study, **Capacity Building and Support to African Consultants in the Private Sector** reports that local consultants tend to fare well with modest-size projects in soft domains, and are frequently hired for small projects handled locally where domain and area-specific knowledge is required. However, clients are reluctant to use local consultants when the work is particularly important (e.g., projects in hard domains, critical consulting tasks), and this is reinforced when aid is tied.

Clients lack information about local consultants' capabilities. Consultants often have inadequate technical information, financial systems, analytical and project management abilities. Progress is constrained by a lack of corporate experience and financial resources, poor access to data processing facilities and telecommunications, and the absence of national consultants associations and favourable local government policies. The Federation of African Consultants and the African Local Consultancy Development Program were initiated to support the development of the African consulting sector, but resulted in limited success.

None of the aid organizations studied (Canadian, Norwegian, Danish, and Swedish) have regulations favouring the recruitment of local consultants beyond general policy statements. Most consultants are from firms in the donor country. The rules for awarding contracts through bids do not permit African consultants to participate in a significant manner, although Nordic organizations do not formally bar them from doing so. When procuring consultants, head offices tend to favour national consultants, while recipient institutions and donor representatives favour local or regional consultants, due to the proximity and nature of the work. Local consultants are at a disadvantage because decisions for financially significant contracts are usually centralized.

The World Bank (WB), African Development Bank (AfDB), and the United Nations Development Program (UNDP) are the main multilateral users of African consultants. Although AfDB and WB, the two biggest providers of consulting contracts in Africa, have policies encouraging the use of local consultants, the participation of African consultants in their large projects is low. Nevertheless, local consultants have a better chance of accessing large contracts with multilateral donors than with bilateral donors. The participation of African consultants is very important in AfDB activities requiring individual consultants, important in small AfDB projects, good in small

locally-administered WB projects, and very low in AfDB or WB projects when they are subject to international bidding (although this can be mitigated through joint ventures with large foreign offices, but the major roles are undertaken by foreign experts).

A study of the consulting industry in Kenya, Zimbabwe, and South Africa found that African participation was relatively high in expert roles where there was a need for domain and area-specific knowledge; relatively high in the most junior roles and services; and very low in the more critical roles and services. A similar study in West Africa confirmed the first two findings, but found that African participation was relatively high in critical roles and services. However, most of the consultants it studied were engaged in small-to-medium activities (a later field visit found that African consultants are underused in large international projects).

Although any action will only be effective if bilateral agencies adjust their internal policies on tied aid, the authors also propose the following interventions:

- support to establish certification systems for local consultants (by supporting national professional associations to develop certification criteria, establishing diploma equivalencies and disseminating information on ISO 9001 standards);
- support to establish registration systems for local consultants (by implementing national databases and linking existing databases);
- support to establish partnerships between consultants in Africa and the North (by promoting networking among consulting firms, facilitating access to information pertaining to pipeline projects, and suggesting changes to the rules of bilateral agencies to allow greater participation of local consultants);
- support to enhance the private sector's capacity (by integrating young professionals into international project implementation).

The Study, **University-Based African Consultants in Nordic and Canadian Development Aid** explains that consulting is also important for universities because they have become increasingly more dependant on external funding. Consulting also involves universities directly with the development process and issues. However, most universities lack the competence and capacity to deliver quality consultancy ser-

vices because consulting is not an integrated part of the university organization.

The main perception among Norwegian, Danish, Swedish and Canadian aid organizations is that universities should prioritize research and teaching, and that interventions should make them less dependent on income generation from consultancies. Accordingly, the enhancement of consulting capacity is not an important part of research cooperation programs implemented by donor agencies, and recent policy changes aimed at incorporating the development of consulting capacity into research programs have not yet been implemented at the project level.

The authors examined university-based consulting in Mozambique and found that the Universidade Eduardo Mondlane (UEM) figures most prominently in consulting. Its different faculties and centres have had varied results with consultancies and some are more dependent on them than others. Consulting has been successfully incorporated into the university structure of the Faculty of Agriculture, which established a separate consulting unit (the Grupo de Recursos Naturais e Biodiversidade (GRNB)). GRNB's success is the result of the commitment and management ability of the faculty's management and senior staff, internal discipline to protect the quality of teaching, training, transparent regulations, teamwork, and the involvement of all levels of staff.

Mozambique is a large recipient of aid so Canadian and Nordic aid agencies employ a large number of consultants in the country. However, donors believe that the local consulting base is weak. Nordic agencies prefer to contract private companies rather than universities because they argue that the latter are weak on consulting, management, and administration (although private companies may subcontract university-based consultants). The donors lack information about the consultants, and are uncertain about local regulations. Mozambican consultants (including university-based) generally do not know about upcoming consultancies, are rarely involved in tenders on their own, are often sub-contacted for minor tasks, and have a limited capacity for certain types of projects (because of the size or subject).

The case study examining university-based consulting in Namibia found that most of the University of Namibia's (UNAM) faculties have staff members partaking in consultancies. This is mostly seen as negatively impacting research, teaching, and morale, but to mitigate this, UNAM drafted a University Consultancy Policy and will establish a Consultancy Coordinating

Unit. The Multi-Disciplinary Research Centre (MRC), which carries out applied research and consultancies, has been successful. MRC is largely self-funded (mostly through consultancies), and its success is due to its emphasis on training and support structures, and its use of senior expatriate researchers. However, the consultancies of its largest division (the Social Sciences Division) tend to be small and limited in scope, it is rarely involved in competition or collaboration with the international consulting industry, and it has limited involvement with the rest of the university. The Namibia Economic Policy Research Unit (NEPRU) and the Desert Research Foundation of Namibia (DRFN) are independent research-based institutions also involved in consulting. However, NEPRU's projects are small in scope, and DRFN tends to be subcontracted or receive a marginal role in consultancies for foreign donors.

The local consulting base in Namibia is strong, but it is dominated by South African and international companies. Donors generally do not recruit local consultants from Namibian universities because they do not know enough about them, and university-based consultants often have problems with timely delivery, report relevance and financial management. The private consulting companies argue that they are not sufficiently involved in larger projects or projects in the Southern African region. Tenders for such projects are often not advertised in Namibia, and local consultants are engaged only as subcontractors to larger international companies for more marginal tasks.

The authors recommend that universities and research institutions develop policies to support consulting; develop transparent regulations; provide clear information to their clients; organize consulting around special units; allow only senior staff to undertake consultancies and supervise junior staff; provide consulting training; charge market-rate fees and ensure the percentage allocated to researchers are competitive; and publish research outputs. Aid organizations should provide handbooks to their offices to disseminate information about local consultant procurement regulations; increase their use of local consultants and develop guidelines to encourage their cooperation partners to do the same; increase the use of tenders and add options to positively discriminate in favour of local consultants; recruit university-based consultants through the university rather than individually; and incorporate consultancy capacity improvement in research cooperation programs in African universities (i.e., support the development of management and consulting skills, support the establishment of partnerships).

Capacity Building and Support to African Consultants in the Private Sector

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Introduction

Context

IDRC's studies on the Use of African Consultants in International Projects began in 1995. Two reports on this subject have already been published by IDRC. The objective of this study is to identify relevant practical issues and possible interventions in order to increase the involvement of local African consultants for donors who wish to:

- increase their program delivery impact by investing in higher quality analysis; and
- promote the use of local consultants by strengthening their capacity, particularly in critical or strategic consulting.

With these two objectives in mind, the study has two main focuses:

- a focus on critical issues from the point of view of African consultants and consulting companies. The report proposes practical means to empower African consultants, to provide missing know-how, and to help them with their image and client contacts; and
- a focus on the donor agencies themselves. The report proposes alternative ways of accommodating the use of African consultants in projects and programs financed by donor agencies. This includes twinning and partnering arrangements between consulting firms in the North and South.

Structure of Report

Section 1 is a review of the literature on international experiences with African consultants.

Section 2 presents an analysis of donors' policies, data on resource allocation and a description of practices for contract awards by bilateral and multilateral donors. The case of the Canadian International Development Agency (CIDA) is singled out by distinguishing the «tied aid» approach and the local contract awarding by decentralized Program Support Units.

Section 3 discusses the practical reasons behind the under-utilization of African professionals in international projects. A distinction is made between various types of contracts and projects, and the procedures that are harmful to local consultants. Moreover, successful cases in Côte d'Ivoire and Sénégal are presented to demonstrate the significance of using local consultants. The difference between contract awards to

individuals and local firms is also examined in this section. Finally, section 3 presents a synthesis of the main issues and a critical discussion of possible solutions put forth by the preceding reports.

Section 4 proposes initiatives to promote the increased use of local African consultants, related to both the structure of local consulting sector and to the practices of donor organizations. This section introduces four possible interventions, each containing a series of practical steps to be taken.

Methodology

The preceding IDRC reports¹ constitute the starting point of this study. The investigation focuses less on confirming the under-utilization of African consultants than on establishing practical recommendations to solve the problem. As stated in the Terms of Reference, the study was to focus on critical issues, from *the point of view of African consultants (and consulting firms), and on donor agencies themselves*.

To this end, the information gathering stage of the methodology consisted of: (i) a literature review, (ii) field interviews of African consultants and donor representatives in Mali, Sénégal and Côte d'Ivoire, and (iii) interviews of donor officials in their head offices (Abidjan, Ottawa, Washington, New York, Oslo, Stockholm and Paris)

In addition to the two previous IDRC reports, which constituted key elements of the review, a number of secondary sources and primary sources, comprised mainly of policy documents from donor or consulting agencies, were consulted².

The main objective of field interviews, in regards to African consultants, was to present and investigate the validity of previous proposals mentioned above. These interviews also served as a means of exploring new interventions.

Interviews conducted with donors' representatives in Africa, as well as in their head offices, covered policies and practices pertaining to the utilization of African consultants. Whenever possible, written documents were also collected.

1. *Utilizing African Professionals in Consulting* (1995) and *The Utilization of African Consultants in West Africa* (1997).
 2. These are listed in the reference section

Terminology

Throughout the report, the term *consultant* is used in a broad sense to designate a consulting firm as well as an individual consultant, unless otherwise stated

explicitly. *African consultant* and *local consultant* is used interchangeably.

Section 1 Literature Review

1.1 Introduction

The issue of using African consultants³ in development projects has recently received attention in international development circles. This interest has been prompted by the need for a strong local consulting sector as a part of a broader emphasis on *capacity building*⁴, which leads to a more positive and participative contribution to development projects and studies. A strong local consulting sector also results in the strengthening of human resources, which in turn leads to a larger pool of quality experts advising to governments and reinforces the quality of public administration through more competitive recruiting. A stronger consulting sector also encourages a more dynamic private sector.

Four documents, which discuss this topic, are worth mentioning:

- two of them are IDRC documents: *Utilizing African Professionals in Consulting* (1995) and *The Utilization of African Consultants in West Africa* (1997),
- the other two were initiated by the African Capacity Building Foundation (ACBF) in the framework of the Capacity Building Program of the World Bank; they are: the Karuga report, *Strengthening the Use of Local Consultants in Eastern Africa* (1994), and the *African Local Consultancy Development Program* (ALCDP) document (1996).

The second ACBF document, ALCDP, includes a diagnosis and findings from the Karuga report and the reports from national associations of consultants in Kenya, Zimbabwe, Sénégal, and Côte d'Ivoire. It sum-

marized, among other things, problems, constraints, strengths, and opportunities connected with developing local consultants as identified by national associations of consultants.

The two IDRC reports focus on the roles and services provided by African consultants in development projects funded by multilateral or bilateral donors. This focus reflects the perceptions of various clients concerning a risk factor associated with using local African consultants, particularly in so-called «critical» or «strategic» project assignments. The regions of Eastern, Southern, and Western Africa and most disciplines in the African consulting sector are covered in the reports. While the perceptions, strengths, and shortcomings of local consultants are discussed in the two reports, a set of possible interventions to correct the perceived underutilization of local consultants⁵ is also advanced.

1.2 Users' Perceptions

The views of clients on their experience with African consultants vary fairly widely, depending on the type of services performed by the consultant.

1.2.1 Strengths

Generally speaking, on modest size projects in «soft» domains – such as socioeconomic and human studies, accounting, environment, law and tax consulting, training, health, and rural development – local consultants seem to fare well on their own. Indeed, their knowledge of the milieu, their genuine competency in their domains, and their fees, usually much lower than those of foreign consultants (usually from the North), are definite assets. Field officers in traditional donor agencies, whose shrinking cooperation budgets force them to turn to less expensive means, find it attractive to be able to locate adequate services on the local market when procurement decisions are decentralized.

As noted in one of the preceding reports⁶, local consultants from countries where many contracts are offered in «soft» domains are not concerned about being underemployed because they are not in a situation where they have to compete or associate with foreign consultants. Besides, most of these contracts are

3. Although exact figures are sketchy, it is estimated that there are more than 30 000 professionals in the African consulting sector.

4. The term «capacity building» in a broader sense means the creation or strengthening of a broad national network of skills, people, and institutions to carry out certain functions of development management. Such an emphasis is designed to complement the more conventional approaches to public service reform that normally centre on organizational restructuring, introducing management techniques, training personnel, and reforming incentive systems. It emphasizes developing strategic capacities rather than improving administrative techniques. Specific activities can include efforts to create an institutional culture more conducive to policy reform, the creation of policy analysis units within government, and the strengthening of research and management capacities outside governments, universities, local consulting firms, or in NGOs (ex.: the African Economic Research Consortium). Frequently, capacity building focuses on a broadly defined sectoral basis including networks, local institutions, and private sector organizations that generate and carry the skills, ideas, and individual energies for improvement. (*Making Technical Cooperation More Effective*, by Peter Morgan and Heather Baser, CIDA, 1993.)

5. This «under-utilization» is more conspicuous if and when local consultants collaborate with foreign consultants on relatively large projects.

6. *Utilization of African Consultants in West Africa*.

offered almost exclusively to the local or subregional market.

1.2.2 Weaknesses

In «hard»⁷ domain projects, which are generally large-scale projects, the situation is not necessarily the same. When the work involved is important, the client – which could be a private organization, a government, or a donor acting for itself or for a government – tends to be more reluctant to hand the assignment to local consultants. As well, the tied-aid clause, in the case of most bilateral projects, reinforces this situation. Some of the most cited reasons for client reluctance are as follows:

- **Insufficient technical information.** Local consultants usually do not have proper access to most recent technical publications, reference handbooks and library services;
- **Difficulty in assessing the «bigger picture».** The design of projects by foreign technical assistance often deprives local consultants of the opportunity to envision a project in its broader context;
- **Delay.** Delay in reporting can sometimes be more than just annoying when there are urgencies in project implementation; some local consultants would not always be aware of the value of time;
- **Inappropriate accounting and financial systems.** Local firms are not always able to justify their overhead costs in bid documents, making it difficult to compare financial offers between local competitors and undermining the client's trust.

Furthermore, the clients often **do not have enough information** on the capabilities of local consultants, their credentials or references. Although almost all donor organizations have their own databases on consultants, in the field or at their headquarters, those databases have been designed mostly for internal use and cannot be easily accessed by outside users. Moreover, the data is not vetted information because it is usually fed in by the consultants themselves. Understandably, the client would often award the contract to a firm, generally consultants from the North, with a well-established reputation. At best, the foreign consultant would make some sort of association with a local consultant and sub-contract the latter with minor tasks on the project. This lack of familiarity between the client and the consultant and/or between local and foreign consultants, is a big handicap for local consultants.

7. Mainly civil engineering, transport, infrastructure, industrial projects or studies.

1.2.3 Roles and Responsibilities of Local Consultants

The analysis of the roles and responsibilities of local African consultants in development projects covered by the two IDRC reports can be summarized as follows:

There is a high degree of concentration in the less important logistical or working roles. Local firms also generally assume a more junior role:

- There is a low degree of participation in critical tasks such as designing or managing, especially in large projects funded by international (bilateral or multilateral) donors. The strategic tasks are assumed by expatriate consultants.
- When there is a need for domain- and area-specific knowledge, in small projects or studies that are usually handled by local representatives, local governments or other local clients, one finds a high number of local consultants in all roles, including key roles.

This type of pattern is in line with the risk factor that clients have associated with using local African consultants.

1.3 Main Issues

The reports describe two main issues concerning the under-utilization of African consultants:

- the capacity of African consultants themselves; and
- the behavior and policies of two important clients: local governments and international aid donors.

1.3.1 Capacity of African Consultants

Several problems and constraints that hinder the development of African consultants have been identified in previous studies. They are summarized as follows:

1.3.1.1 Limited resources

Limited resources have always been an impediment to developing local consultancy capacity in Africa, notably by limiting job prospects.

(a) Human Resources

Local professionals generally have the required academic background, as many of them have at least a university degree conferred after four or more years of formal education. In terms of professional experience, many consultants are employed in the civil service before joining the consulting sector; indeed, the core personnel in many firms acquire their experience

working in technical departments in local governments. In that respect, they have accumulated skills, knowledge and relations, which are later indispensable for dealing with consultants' most common client: public administration.

However, the precariousness of the local job market causes more and more recent university graduates to enter the consulting industry directly, with only their degrees as credentials. Obviously, this is not an optimal path along which to advance a consulting career. The typical consulting career path is characterized by an apprenticeship structure, with the consultant starting out as a junior professional under the guidance of an experienced mentor, in a low leverage, working-level or desk-research role. A competent consultant will then progress to a higher leverage role with more responsibilities in an *expanding* number of areas. Eventually, the most accomplished will assume managerial and mentoring roles. That (ideal) path is seldom attainable outside large established consulting firms, which are rare in Africa⁸.

Most local professionals have acquired expertise in a particular area. However, some consultants lack the skills and knowledge that are usually acquired through on-the-job training and experience. These consulting skills are necessary, from the clients' point of view, to tackle crucial assignments within development projects.

(b) Physical and Financial Resources

One of the main constraints on African consultants remains a lack of physical resources. Although many of them begin appropriating basic office equipment such as telephone, faxes, photocopy machines, document binders, microcomputers, and office software (even specialty technical software programs⁹), a vast majority still have poor access to data processing facilities and telecommunications. Also, the high costs and the unavailability of computer equipment in certain regions make access to the Internet difficult.

Financially, well-established local firms often show profits in their annual operations, but the cash flow of many firms is greatly strained by the uncertainty of work and the payment delays from government contracts. In addition, the difficulty in obtaining collateral for credit and performance bonds, which are required to access large and lucrative contracts, limits local firms' ability to operate effectively. For those who have started exporting their services, stringent foreign

currency regulations in certain countries put added financial strains, which forces some into unorthodox arrangements with their foreign partners.

1.3.1.2 Institutional Framework

Since 1988, efforts have been made in several countries to establish national associations of consultants. However, most of these associations are only so in name. Yet, it has been clearly demonstrated in other parts of the world that the development of professional consulting associations helps establish and maintain norms of professional practices, and, more importantly, constitutes an institutional framework through which support can be channeled to consulting firms and individual consultants. The lack of follow-up on previous efforts launched in 1984, which resulted in the creation of the Federation of African Consultants, FECA (acronym for its French name, *Fédération des Consultants Africains*, refer to 1.4.1), undermines the efficacy and viability of many national associations. Some of these associations are snubbed by local consultants themselves. To make matters worse, the precariousness of FECA's situation, due to the withdrawal of the African Development Bank's support, weakens nascent efforts by African consultants to export their services to the region.

The existence of a strong institutional framework is considered essential for any strategy that supports the local consulting sector. In the absence of strong, viable, and sustainable consultant associations, many consulting professionals operate without clearly defined codes of ethics and performance standards. This deficiency leads to the under-evaluation of the profession and the services it provides, as well as discourages the clients' use of local consultants for large, high-paying contracts with inherent risks.

1.3.2 Behaviour of Local Governments

African governments provide the largest number of assignments to consulting firms. However, local government policies have not been devised to develop the local consulting sector. Moreover, for reasons other than the technical competency and the service reliability of local African consultants, government departments and para-governmental organizations often favour foreign firms.

Therefore, directly or indirectly, governments have not contributed to the full development of local consultants. In fact, some local consultants complain that their governments have not established a type of «affirmative action» policy system for choosing national consultants.

8. Most firms are less than 20 years old.

9. As were the firms surveyed in Côte d'Ivoire, cf., *The Utilization of African Consultants in West Africa* (1997).

1.3.3 Donors and Local Consultants

Notable progress has been observed, over the past 10 years, in the use of local consultants by donors. Although no accurate figures are available, it is generally accepted that the use of local consultants by donors has grown by a factor of 10 in many countries. This is due in large part to the fact that the development of local consultants is considered a key component of the broader goal of local capacity building.

When procurement decisions are decentralized, the use of local consultants is an economical alternative for field officers. Nevertheless, African consultants perceive traditional donors as prejudiced when it comes to hiring consultants in large, high-paying assignments.

1.4 Initiatives

1.4.1 The Federation of African Consultants (FECA)

Several initiatives have emerged to support the development of the African consulting sector. Multilateral agencies, such as the World Bank and the African Development Bank (AfDB), have taken lead roles. The creation of the Federation of African Consultants (FECA) in May 1984 in Tunis (Tunisia) by a group of African consultants, for the purpose of promoting local consultants in the African continent, was a significant initiative.

The AfDB not only provided the infrastructure and personnel to manage FECA, but also was its main financial supporter. FECA developed working relationships with international donors who actively used consulting services, encouraged local governments to increase their use of local consultants, and helped set directives in favour of African consultants in the AfDB's policies. FECA promoted membership in national associations (those that existed), organized training and related activities, and provided project/market information. It also published a directory of its active members, including their fields of intervention,

that was designed to boost international exposure and reach potential clients.

However, membership diminished over the years, since local consultants often failed to see direct advantages in terms of job contracts. Also, members tended to expect too much from an organization that lacked the appropriate resources to support a sustainable consulting sector. When the AfDB underwent restructuring, it eliminated its support to FECA and the latter was dealt a nearly fatal blow.

1.4.2 Donors' Initiatives

In the past, several other activities were also undertaken in selected countries to develop the local consulting sector. The program initiated in 1988, the ALCDP¹⁰, by the World Bank and financed by the United Nations Development Program (UNDP), the Government of the Netherlands, and the AfDB was the most notable. The main objectives of these earlier activities were to: identify the consultants in Africa; increase the awareness of specific problems affecting the African consulting sector among governments and donor agencies; prepare a systematic action program to develop the African consulting sector; focus donors' efforts to assist local improvement endeavors and mobilize and organize support and leadership of African consultants, their potential clients and other international donor agencies for the consulting capacity improvement program.

The overall results of these activities were: the mobilization of donors, governments, and the media for developing local consultancies; the compilation of extensive lists of local consultants; clearly identifying problems affecting the consulting sector in Africa; an approach to local consultancy development based on a regional initiative and on the active participation of local consultants themselves; the creation or the highlighting of national associations in many countries; the design of country-level strategies and action programs; and the initial commitment of donors to finance country-specific follow-up activities.

10. African Local Consultancy Development Program

These activities met with limited success. This was probably a great opportunity for FECA to step in and take the lead role in promoting and actually implementing these activities (apart from compiling the lists of consultants), and assert its position as the premier promoter for developing the African consulting sector.

Indeed, there has been no significant follow-up activities on the first major initiative to develop the local African consulting sector. By means of the African Local Consultancy Development Program, the ACBF, in association with the World Bank, hopes to build sustainable institutional and human capacity in the local consulting sector through key interventions and thereby expand the use of local consultants by international donors, governments, and the local private sector. More specifically, the ALCD Program, which focuses on local consultant associations in four countries (Côte d'Ivoire, Kenya, Sénégal, and Zimbabwe), is aimed at:

- creating sustainable professional support organizations for consultants in the four countries;
- building sustainable local consulting capacity in professional methods of consultancy and skills to manage consulting firms; and
- promoting the establishment and maintenance of shared written norms and standards of professional conduct.

An Initiative of CIDA in Favour of Promoting the Utilization of Alumni from Canadian Universities as Consultants in CIDA-Funded Projects^(*)

The Alumni Directory of the Canadian International Development Agency (CIDA) is a database of CIDA-sponsored students who have studied in Canada for a period of at least six months.

The information contained within the database will serve to promote both the alumni themselves, as well as Canada's international assistance development programs. For example, the information will be made available to CIDA personnel in Canadian missions and embassies all over the world. This will provide consulting opportunities for the individuals who are both willing and available to perform such assignments.

If you are qualified to become a member of the CIDA Alumni Directory, you are welcome to register yourself into the database by clicking the push button labelled «REGISTER».

* Web site address:
<http://stratagem-mgmt.com/aba2.htm>

Section 2

The Current Policies and Practices of Aid Donors

Although no notable follow-up activities have emerged from the first major initiatives to develop the local African consulting sector, a progressive transformation has taken place in the past few years, during which the use of local consultants in projects funded by international aid donors has grown. Awareness of the necessity for capacity building as a prerequisite for developing countries to achieve sustainable development has led to an evolution on the issue. In fact, it is generally accepted that developing expertise and administrative capacity is an important step in preventing aid dependency. Using local consultants in development projects surely contributes to that effect.

2.1 Bilateral Donors: Canadian and Nordic Cooperation

Canadian and Nordic aid organizations and their partners make extensive use of consultants in the planning, implementation, monitoring, and evaluation of programs and projects. In principle, aid organizations use national, international, and locally based consultants.

2.1.1 Similarities

In all four countries (Canada, Norway, Sweden, and Denmark), most consultants come from firms in the donor country itself. The consulting sector is particularly strong in Canada, but it is also relatively strong in the Nordic countries considering their small populations and the limited size of their economies. These countries are each home to many consulting firms that specialize in development contracts.

The selection and use of consultants is guided by two apparently contradictory policies. On the one hand, there is strong emphasis on the principle of recipient responsibility and local capacity building, which has led to an increased focus on the need to use local consulting companies and consultants. Norway and Sweden have been particularly strong in highlighting the principle of recipient responsibility.

On the other hand, these countries also put weight in the involvement of expertise from the donor countries themselves. The justification for this ranges from the need for efficiency and accountability in project implementation, to the importance of involving national institutions in order to create broader national consensus for development aid budgets. Canada and Denmark have been among the most vocal defenders of using national consulting capacity.

The use of **tied aid** is currently under debate in the OECD. A proposal to untie aid to the Least Less Developed Countries (LLCD) was put forward by the Development Assistance Committee (DAC/OECD) during a ministerial level meeting in early 1998. The key issue is untying technical assistance and feasibility studies from investment projects¹¹. This may have implications for future policies in the four international cooperation organizations for the recruitment of consultants, namely a move towards international competition. Norway and Sweden are among the countries advocating to further untie aid. Denmark and Canada are among the countries opposing the original DAC-proposal (cf., *Development Today 1998:8*).

The Nordic policy of **recipient responsibility** implies that governments and institutions in the South are often responsible for hiring consultants for projects and programs, but the extent to which this is practiced varies. Aid organizations are generally more involved in selection and employment than is stipulated, particularly in countries with a weak institutional capacity and consulting base.

The actual selection process is normally done through a collaboration between recipient and donor; the donor normally has the «final say» in cases of disagreement¹². Hiring consultants is, thus, more influenced by the donors than, for example, Swedish and Norwegian policies imply. Canada does not recruit local consultants in the same direct way. Most local consultants are hired through the Canadian executing agencies involved, implying that the number of local consultants is higher than statistics indicate¹³.

In the cases where the procurement responsibility rests with both the donor agency and the recipient institution, selecting consultants is based on the criteria of quality and cost. **None of the aid organizations have rules and regulations favouring the recruitment of local consultants, beyond general policy statements.** There is, in other words, no possibility for affirmative action (or positive discrimination) to promote local

11. Proposals include a system for reviewing dubious bids, tender documents, and procedures.

12. Nordic regulations in practice imply that consultants proposed by recipient institutions are to be assessed and confirmed either by the representative or by the head office except for very small procurements.

13. CIDA finds itself in a difficult situation in this respect: The international donor community argues for less use of tied aid and more use of local consultants by Canada, while Canadian domestic politics makes it necessary to maximize the Canadian component.

consultants¹⁴. In practice, procuring consultants by a head office tends to favour national consultants due to the proximity and the nature of the work. Consultants hired by recipient institutions and donor representatives will tend to favour local or regional consultants for the same reasons.

2.1.2 Differences

Despite the relatively similar policies of the four aid organizations, there exist differences in the selection and employment of consultants. In Norway and Sweden, rules and regulations regarding the selection of consultants delegate the responsibility to head offices, their representatives in developing countries, or to the partner government or institution. In Canada and Denmark, rules and regulations favour recruitment from the head office or delegated to executing agencies, although lately its field representatives are taking more responsibility in local contract arrangements and hiring.

In fact, the location of procurement responsibility will depend on factors such as the phase in the project life cycle, the size of the project in terms of budget and the type of partners involved. Among the Nordic countries, Sweden has the most detailed rules and regulations (Sida 1990, Sida 1998c). Norway, however, does not have rules and regulations specifically for development aid. It uses instead the general regulations for public procurement of goods and services (NOU 1997).

CIDA uses two different mechanisms. On the one hand, small contracts are awarded by the Local Support Unit to local consultants who are selected in terms of competency. Professionals are recruited through a database that each Unit has built over the years. On the other hand, the bulk of Canadian cooperation expenses goes to bilateral projects that are tendered in Canada. When the project is awarded to a private Canadian firm, the participation of local professionals, when it exists, is usually confined to the lower level of services (see 3D pyramidal figures in Dufour et al. reproduced in Section 3).

Specific rules also regulate international tendering (Sida 1990, Sida 1998c, NOU 1997). In principle, Nordic tendering rules apply when the procurement responsibility rests with headquarters and Danida, NORAD, and Sida representatives, while tendering rules in the relevant country apply when the responsi-

bility rests with recipient governments or institutions. The Nordic regulations generally state that tendering is necessary when projects are a certain size¹⁵. Another basic requirement is that there should be «real competition», which is normally interpreted as involving three to five tendering companies. The practices regarding open and closed (invited) tenders seem to vary -- the latter is very common¹⁶.

Sida consistently adheres to regulations by actively using open tenders and limiting direct procurement. Danida generally applies closed tenders, and relies heavily on the two largest consulting companies in the country, which carry 40% of the total value of contracts awarded to Danish companies¹⁷. NORAD practices a combination of tenders and direct requests. The organization often uses the option of direct procurement («Kjøp etter forhandling» eller «Direkte kjøp»), even for projects budgeted for more than NOK 150,000. In Canada, rules and regulations imply that projects budgeted for up to CAD \$50,000 can recruit consultants directly («sole source»); projects budgeted for above CAD \$100,000 must be based on competitive tenders, and projects between these figures can hire consultants through closed tenders.

There are no specific rules regarding the use of national or international tenders¹⁸. The general perception among the Nordic organizations is that if a sufficient number of qualified competitors is not available in the donor country, the tendering offer will go to other Nordic countries, and, in special cases, to a larger international market. Consultancy procurement, which is the responsibility of the head office, is rarely published in the recipient country.

As indicated by Table 2.1, the majority of contracts for the Nordic and Canadian aid organizations are held by consulting firms from donor countries. As we will show in Section 3, donor country consultants will generally carry the critical assignments in consultancies, while the local consultants will play a more marginal role.

14. Donor organizations argue that building local competence and capacity cannot be the responsibility of individual projects and programs, but should be done through separate interventions.

15. In Norway, the limit is NOK 150 000; in Sweden, SEK 200 000
16. NORAD operates with a specific type of tendering called «offers» («tilbud»), which is a direct invitation to institutions and companies considered particularly qualified.

17. A few years ago, Danish consulting companies were pricing themselves out of the market. After a short period with broader and more competitive tenders from Danida, the companies reduced their fees and regained their former preferred status.

18. EU rules will normally determine the use of tenders, but there is a «gentlemen's agreement» within the organization to apply national policies and regulations to development aid.

Table 2.1: Proportions of National, International and Local Consultants (Values in % of expenses on consultancies)

Country	National	International	Local
Canada	91.7	0.7	7.6
Denmark	76	15	9
Norway	n.a.	n.a.	n.a.
Sweden	80	13	7

Sources: Relevant Units of Statistics

In terms of overall expenses allocated to consulting services, Canada and the three Nordic countries have comparable figures, as shown in the following table:

Table 2.2: Expenses on Consulting Services

Country	No. of Contracts	Costs of Consultants (in National currency, in million)	Percentage (%) of Aid Budget
Canada	709	189.3	7.1
Denmark	622	661.3	6.3
Norway	n.a.	n.a.	n.a.
Sweden	785	527.2	4.4

Sources: Relevant Units of Statistics

2.2 Multilateral Donors

The World Bank (WB), the African Development Bank (AfDB), and the United Nations Development Program (UNDP) - together with the European Economic Community (EEC), are the main users of African consultants. The two biggest contract providers in Africa are the World Bank and the AfDB; they both have published guidelines for recruiting consultants.

2.2.1 The World Bank

The World Bank's head office reported in 1997 that Canadian consultants received from the World Bank¹⁹ CAD 33 million worth of contracts. The World Bank funds more than 50% of consulting services in economic development. It leads all donors with USD 250 million for consultancy expenses in Africa.

The Bank's public policy on consultant use is included in its *Guidelines: Selection and Employment of Consultants by World Bank Borrowers*²⁰. After undergoing

a few revisions, the present edition of the Guidelines contains clauses that promise to promote using local resources. Four aspects of the guidelines are worth noting :

- if the **value of the assignment** does not exceed USD 200,000, the short list of consultants to be invited to bid may list only national consultants if a sufficient number of qualified firms (at least three) are available and a competition, that includes foreign consultants, is not justified. However, if foreign firms have expressed interest, they are not to be excluded. This has opened a favourable niche for local consultants. In particular, it has allowed World Bank field officers to make almost exclusive use of local resources in small-size projects. The locally accessible contract amount could be relatively important because most of

19. Prior Review Awarded Contracts Under the World Bank-Financed Projects in FY97.

20. The document was revised September 1997, reprinted July 1998.

them have an annual turnover of less than a million dollars.

- In establishing a **short list** of consultants to be invited for an assignment, at least one firm (out of a list of three to six firms) has to come from a developing country, unless qualified firms from developing countries are not identifiable. This gives a qualified local consultant a chance to compete in large and high-turnover projects that were formerly reserved for foreign firms.
- In its **evaluation of a proposal's quality**, the scoring system awards up to 10 points out of a possible 100 to bidders listing nationals on their key staff for the project. This encourages foreign firms, in the case of a joint-venture or any type of association between Northern consultants and local consultants, to include nationals, if the firms are not willing to start with a 10-point handicap. It may be, however, a risky venture if a firm tried to list as many nationals as possible just to grab the 10 points while qualified experts are actually scarce or non-existent locally. This could be considered reverse discrimination; yet it does have its advantages as well as inconveniences.
- Also, in the **scoring system**, 10 points are awarded for transferring know-how to nationals who could be project recipients, i.e., project personnel, or local consultants themselves working with the principal firm.

The World Bank has gone to great lengths to help local consultants access consulting opportunities, including complex and large assignments (refer to AGETIP success described in Sect. 3.2.1.2). One should not hastily conclude, however, that using African consultants in World Bank-funded projects has taken place on a large scale. In fact, numerical data on actual participation of African consultants in WB is scarce. Empirical observations from WB-funded projects in Africa show that, in large projects, the use of African consultants is insignificant.

2.2.2 The African Development Bank

Being an African institution, the African Development Bank has long been the primary user of African consultant services. It is, thus, no surprise that AfDB has the most favourable policy toward using African consultants. Slight variations exist in AfDB's *Rules of Procedures for the Use of Consultants*²¹. They are:

- the maximum value of an assignment where request for proposals may necessitate the use of

regional consultants is AfDB UA 350,000, i.e., approximately USD 500,000²².

- in a short list of pre-qualifications, out of five to seven firms, at least one has to come from a regional member country and, if possible, one consortium from the regional and non-regional member countries;
- no handicap is, however, awarded in the proposal evaluation scoring system for using national or regional consultants; and
- know-how transference is an important factor in AfDB policy, but no handicap is awarded for this in the scoring system.

Despite these visible policy efforts, participation of African consultants in AfDB-funded projects, especially in large contracts, is still low. 1995 figures indicate that out of UA 60 million awarded contracts, the amounts paid to African consultants are well below 25%. Non-regional countries (mainly, Canada, Great Britain, and France) received large shares, while Nigeria, Egypt, and Kenya are the only regional countries that received non-negligible amounts.

Although the AfDB has withdrawn its support of FECA, it is still interested in the issue of the utilization of African consultants' and is in the process of planning new policies on the subject. Among these is the implementing of an exhaustive all-African directory of consultants that will be accessible to large audiences, and eventually to the public. All registered consultants will undergo periodic re-registration to ensure the directory is continually updated. Details about its implementation, calendar, and budget have not been released yet.

2.2.3 UNDP

The United Nations Development Program contributed USD 32 million for consulting services in Africa in 1997²³. Aware of the need to value local resources, UNDP project execution has become more and more local. To a large extent, decision making for service procurement has been decentralized to local representatives. UNDP does not have set policies for using local consultants, but general guidelines on hiring services stipulate that service procurement of up to USD 100,000 can be made locally. When the value exceeds that amount, procurement decisions can only be made at the New York headquarters. When decision-making is made at head offices, chances that local consultants

21. December 1996.

22. Exchange rate: UA 1.00 ≈ USD \$1.40.

23. Annual Statistical Report, 1997: Procurement of Goods & Services, International & National Project Personnel, United Nations Volunteers, Fellowship, Procurement from DAC Member Countries. United Nations System. June 1998.

will win a contract are reduced because they usually are not able to compete on equal terms.

2.2.4 Conclusion

Although all three multilateral donors maintain liberal policies on the use of local resources, actual participation of African consultants in large projects remains low. Clearly, there is still a noticeable discrepancy

between stated policy and practice. Yet, barring an internal policy change among bilateral donors, particularly in the case of awarding large contracts, local consultants have better chances of accessing large contracts with multilateral donors. Indeed, the rules of bilateral agencies governing tied-aid do not usually favour foreign participation in their projects.

Section 3

The Role of Local Private Consulting Businesses

The preceding IDRC reports assessed the roles assumed by African consultants in development projects in Kenya, Zimbabwe, South Africa, Côte d'Ivoire and Burkina Faso, across the spectrum of consulting disciplines.

3.1 The IDRC Reports

3.1.1 Utilizing African Professionals in Consulting (1995)

The first report (Dufour et al.) analyzed the consulting industry in Kenya, Zimbabwe and South Africa with specific reference to the participation of those engaged in teaching and research at institutions of research and higher education. It viewed the issue of using African consultants under three aspects of consulting: expertise, risk, and leverage. These three aspects were assessed in terms of the different *roles* played by the consultant and the types of *services* provided to the client. The consulting disciplines addressed in the report were: management information, economic management, health, and rural development.

The services and roles were defined as follows :

- **services:** fact finding, pre-feasibility studies, feasibility studies, project design, implementation, monitoring, evaluation, and non-project services;
- **roles:** working (logistics, general office work, data gathering), supervise, manage, design, expert, and mentor.

«Critical» and «key» roles and services were defined as those associated with a high degree of leverage. The degree of leverage was defined as the added value brought into the process by the consultant's work. Hence, in the context of a project, a service associated with a high degree of leverage would bring value that far exceeds the fee being paid to the consultant and a higher degree of risk and reward. The following matrix defines assignments that are considered either *key* or *critical*.

Table 3.1 Roles and Services: Definitions

	ROLES						
		Working	Supervise	Manage	Design	Expert	Mentor
S E R V I C E S	Fact-finding			Key	Key		
	Pre-feasibility			Key	Key		
	Feasibility			Key	Key		
	Project design	Key	Key	Critical	Critical	Key	Key
	Implementation	Key	Key	Critical	Critical	Key	Key
	Monitoring			Key	Key		
	Evaluation	Key	Key	Critical	Critical	Key	Key
	Non-project			Key	Key		

It was established that the following held true :

- The matrix proved to be adaptable to the particular circumstances of different sectors and markets (Kenya, Zimbabwe, and South Africa);
- Across the four sectors, (ie: Management Information, Economic Management, Health, Rural Development) the pattern proved to be similar. In all three markets:
 - African participation was relatively high in the most junior roles and services;
 - African participation was very low in the more critical cells;
 - African participation was relatively high in expert roles where there was a need for domain- and area-specific knowledge; such was the case in Kenya and Zimbabwe; and
 - Because the pattern was sector-free, a representative chart could be drawn for each of the three countries (see figures 3.1-3.3 on following pages).

In each of the three cases, a relatively flat ‘valley’ in the middle of a figure represents a low participation rate (30% or less) in key roles and services. In figure 3.3 which represents black consultants in South Africa, the flatness is even more accentuated.

The low participation of African professionals in critical assignments reflects the risk factors that major clients generally associate with using these professionals. Two complementary solutions were introduced to address the problem: certifying consultants and implementing a professional insurance system. The degree of acceptance for these solutions was to be assessed in the follow-up study (1997) through an informal opinion polling among the stakeholders (consultants, donors, and clients) before further investigation of their eventual implementation would be carried out.

Figure 3.1 Roles and Services
African Consultants in Kenya

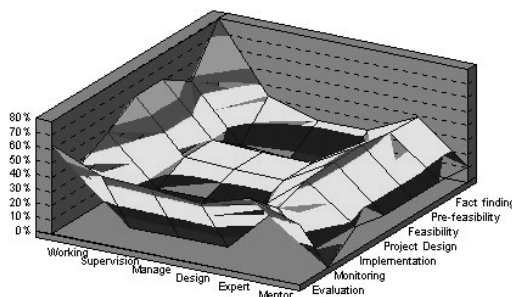


Figure 3.2 Roles and Services
African Consultants in Zimbabwe

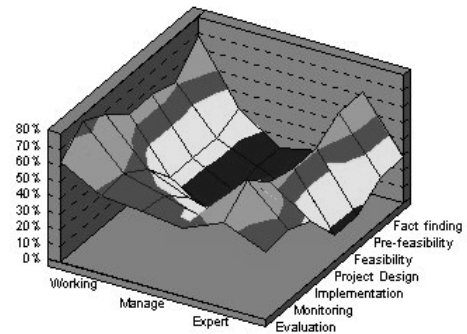
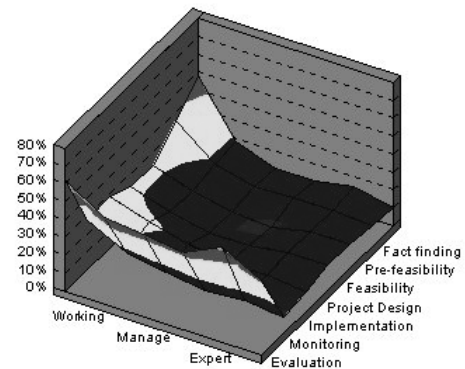


Figure 3.3 Roles and Services
African Consultants in South Africa



3.1.2 Study of the Utilization of African Consultants in West Africa (1997)

The purpose of the study carried out by GCLPL Inc. in 1997 was to establish whether the findings hold true for West African countries (Burkina Faso and Côte d’Ivoire) inside a broader range of disciplines in the consulting industry.

The **sectors** or **disciplines** covered in the survey were: accounting and auditing, architecture and urbanism, business management, civil engineering and transport, computer science, economics, environment, health, law and tax consulting, rural development, training, and unit implementation.

The **profile** of the consulting industry in the two countries is that of a sector with:

- an average of 10 years of age in both countries;
- private ownership;

- a small-size organization, employing 2 to 10 professionals, although well equipped with productivity tools and supplies (computer, software, copier, faxes, etc.); and
- generally, several sectors or disciplines of activity.

The **market** is largely dominated by local governments, which provide the most number of contracts. Local governments account for around 50% of the local consultant's revenue, the rest is provided by different bodies in the private sector and international donors. Very little revenue accrues from exports, whereas the domestic market accounts for approximately 85% of revenues.

The **fees** charged by local consultants varied according to activities:

- when local demand is strong (e.g., in accounting or construction), fees are comparable to those of the international market;
- when local demand is weak (e.g. in development consulting), fees are much lower than those in the international market. The fees of local firms in the two countries, when compared to those of expatriate firms, are on a ratio of 1 to 3, if not less.

Using the same conceptual framework as in the first IDRC report, which determines the **roles** assumed by local consultants in international projects, particularly in defining key and critical roles and assignments, findings were similar in West Africa, in that :

- there is a high degree of participation in logistical or junior roles;
- there is also a relatively high degree of participation in key cells when there is a need for area- or country-specific knowledge.

However, survey data suggests one notable difference in the East African findings, (see Table 3.2). Participation of local consultants in West Africa in critical roles and services is relatively high (around 50%) when compared to that of East African consultants. Indeed, most of the activities these consultants (in Côte d'Ivoire and Burkina Faso) were or had been involved in at the time of the survey were *small-to-medium* size, thus they did not require enormous resources. In addition, large infrastructure projects had not been undertaken in the few years prior the survey.

The last field visit in West Africa (Côte d'Ivoire, Mali, and Sénégal) confirmed that the under-utilization of African consultants in large, international projects is still prevalent.

Table 3.2 Summary of Roles and Services in West Africa

Service	Working	Supervise	Manage	Design	Expert
Fact finding	100%				30%
Pre-feasibility					
Feasibility	63%	50%	50%	40%	52%
Project design		50%	50%	50%	53%
Implementation	100%	75%	50%	47%	50%
Monitoring					
Evaluation		50%	50%	50%	50%

3.2 Diagnosis

3.2.1 Demand for Consulting Services

Field meetings²⁴ with professional associations and consultants made it possible to evaluate, in terms of quantity and quality, the real degree of utilization of African experts in international projects. The meetings with major multilateral and bilateral donors made it possible to better understand the mechanisms and politics of contract awarding and their relation to the use of local consultants.

African professionals participate in three categories of activities :

1. Activities financed by the private local sector and national African
2. governments;
3. Activities financed by multilateral donors; and
4. Activities financed by bilateral agencies.

Each activity category is subdivided into types of professional services and its volume and mechanisms of attribution in different markets :

- individual assignments generally related to evaluation, monitoring or some very ad-hoc tasks;
- feasibility or pre-feasibility studies, project planning and project design;
- important infrastructure projects accompanied by studies and implementation components.

3.2.1.1 Projects from Local Governments and the Private Sector

Local governments and state-owned companies commission a great number of studies and local infrastructure projects. These assignments, which generally are relatively low volume and do not attract foreign firms, are awarded to local entrepreneurs and professional firms. Most professional tasks are given to local experts. This is particularly the case in the public works sector, the software and telecommunication services, the accounting and auditing services and management and organizational support.

The Sénégalaise experience

In the seventies, Sénégal had implemented the Bureau Organisation et Méthode (BOM) which, at the time, compensated for the lack of private firms being able to meet the needs of the State consulting services. Being directly responsible to the Secretariat of the Presidency, the BOM had the mandate to intervene in all sectors of governmental activities. About 50 Sénégalaise experts, graduates of the best foreign universities, were working on mandates of business company restructuring and reorganization or in the ministries. It was on the basis of this public structure of professional services that private consulting services developed during the nineties. Today, Sénégal has numerous private firms and national experts in most spheres of the country's activities.

The Ivorian experience

Similarly, in Côte d'Ivoire, during the eighties, the same type of para-governmental organization was established to meet the needs for expertise of national projects. The Direction Centrale des Grands Travaux (DCGTX) had a staff of more than 300 experts at its service, including numerous expatriates that acted as both experts and managers. The economic downturn and the decline of the infrastructure program resulted in the DCGTX being dismantled and relegated to the BNETD (Bureau National d'Études Techniques et de Développement), which is now the planning office for the State. Recently, no expatriate experts worked at BNETD. The planning office includes nearly 300 people and extends beyond the national boundaries since the BNETD participates in bids for projects funded by the World Bank and AfDB in the subregion. Due to its importance, experience and reputation, this office, which is the most important Western African firm, is a successful example worth mentioning. Former experts from DCGTX have often created major consulting firms in Abidjan.

Local industrial or commercial companies from the private sector use the services of local entrepreneurs and consultants for all project components related to designing, studying, or implementing new facilities or systems. Multinational companies, however, which have their own planning offices, whether locally or at their head office, very often ask their in-house experts to carry out the engineering assignments.

In brief, African consultants cover most of the assignments originating from local governments, state-owned and local privately owned companies.

24. Seven African countries were visited during the three studies:
1998: Sénégal, Côte d'Ivoire, Mali
1997: Burkina Faso, Côte d'Ivoire
1995: Zimbabwe, Kenya, South Africa

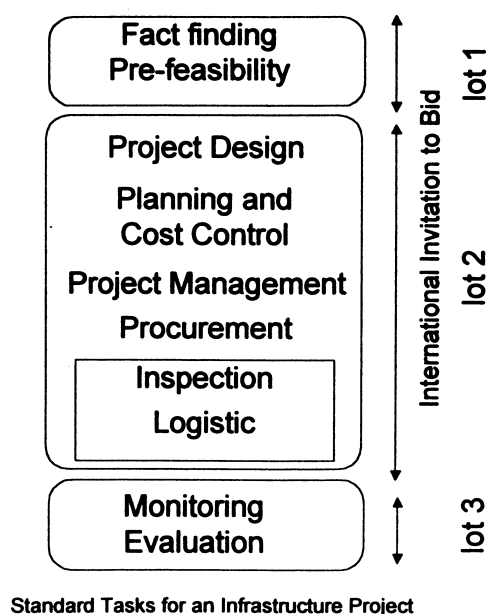
Participation of African professionals in these local projects is generally greater than their participation in projects financed by foreign donors.

3.2.1.2 Multilateral Projects

Three categories of projects financed by the multilateral donors can involve local and international consultants:

- infrastructure projects;
- studies; and
- assignments to independent consultants

(a) Infrastructure projects



Infrastructure projects are generally awarded through international bids. For large²⁵ projects, international bids are generally in three separate lots that cannot all be given to the same firm or consulting group. The diagram opposite shows the standard contents of these three lots. Depending on the importance of the project, lots number 1 and 3 can have a cost that requires sub-regional bidding only. Lot number 2, which is always the most important, must comply with internationally competitive procedures. With the help of data gathered in the field, we observed that the foreign partner grants an average of 10% to 15% participation to the local partner. When an African partner is short listed on a bid, its participation is sometimes enhanced due to its negotiating position vis-à-vis the foreign partner. Inside lot number 2, local consultants are often given

simple tasks related to logistics and job inspection. When there are international bids for lots 1 and 3, the distribution of services is nearly equal between foreign and local partners.

Considering the respective weights (in amount volume) of the three assignment lots described above, the major roles are undertaken by foreign experts. The most accessible lots for local consultants are numbers 1 and 3, particularly when there are no international bids. These are the tasks that highlight the roles of African consultants.

Generally speaking, these infrastructure projects are financially important and technically complicated. Only large consulting firms can bid on them, due to the high level of expertise required and the significant costs of preparing bids. Also, when the contract is awarded, payment delays can cause negative cash flow. Thus, local firms are disadvantaged on two levels: firstly, with their lack of depth and variety of expertise and experience and secondly with the weakness of their financial capacity, which limits their ability to finance the initial assignment cost. This explains local firms' interest in being part of joint ventures with large foreign offices.

The public works sector within AGETIP's heavy manpower work is an example of African consultants demonstrating their professional capabilities (see Text Box)²⁶:

«Sénégal's recent program to combat unemployment is widely regarded as a development success and a model of efficient and effective public works management. The public works and employment agency (AGETIP) has become well known in the region for managing labor-intensive public works projects with transparent, streamlined procedures, and for significantly improving the management of donor finances. Its approach has been widely replicated. AGETIP was established as a temporary agency. But its encouraging results stimulated an increase in activities, and the Bank and international donors eventually gave AGETIP responsibility for construction management in a large number of other projects. AGETIP also manages development projects by assuming functions that go beyond contract management. For example, it is managing a French-funded micro-enterprise credit fund and two separate IDA-funded projects in nutrition and female literacy. AGETIP has become a highly visible and powerful organization. It is lean and efficient. For example, accounts are paid in an average of three

25. Projects higher than USD 500,000 at AfDB and higher than USD 200,000 at WB.

26. Ref.: Operation Evaluation Department/World Bank: Success and Challenge of AGETIP Sénégal-May 1997

days and the procurement process is completed in less than two months. About 90 percent of contracts awarded by AGETIP are completed within the specified time. AGETIP has had such an impact that a new verb has come into being : *agetipiser*, meaning to use the AGETIP approach to make things in the public sector more efficient, to improve them, or to fix them. Bank and S n galese government officials often tell each other that in order for a project to be done properly, "il faut agetipiser".

The projects' institutional impact was substantial. They improved the management of financial resources, developed new and innovative solutions to public works contract management, and replicated regional capacity building. There are several reasons for AGETIP's success. It was set up as a non-governmental organization with a results-oriented management culture; it enjoys strong political support; it follows high standards of efficiency and transparency; it has a highly motivated and dedicated staff with strict ethical and professional standards; it has financial decision making autonomy; and it provides training

for its partners (enterprises, consultants, and municipal managers).»

This example shows the possibility of carrying out projects with 100% African human resources. Careful project preparation and phasing were crucial to AGETIP's success. The persistence of the Bank's staff as well as the government's political endorsement were equally critical to this success.

In the same manner, the example of BNETD in C te d'Ivoire, which is the biggest consulting firm in West Africa, demonstrates the quality of African professional activities when they are well structured and supervised.

At the World Bank and the AfDB, rules have been set that favour consultants from recipient countries (See sections 2.1.1 and 2.1.2.). Despite these rules, the value of AfDB contracts awarded to consultants from the region represent only 10% to 25% of the total amount. This valuation is valid for the totality of professional contracts relating to studies and projects. Non-regional member countries which are most favoured in AfDB contracts (1995 data) are France, Canada and Great Britain.

AGETIP: A Successful Example of Using Local Resources

Although it is one of a handful of politically stable, multiparty democracies in Africa, Sénégal suffers from poor economic growth, a stagnant per capita income, rapid population growth, high infant mortality rates, and a declining base of natural resources. The nonprofit agency, Agence d'Execution des Travaux d'Interet Public (AGETIP) was created in 1989 by leaders in Sénégal and the World Bank to develop a private sector that could provide jobs for Sénégal's youth, who are hardest hit by the adverse effects of economic reforms initiated by the country's president, Abdou Diouf.

With support from the World Bank and many other donor organizations outside the United States, AGETIP uses market incentives such as competition, transparent bidding procedures, and extensive training to develop a market for training and other services needed to build essential public sector infrastructure throughout Sénégal (roads, canals, schools, clinics). "Customers" in this market are the municipalities throughout Sénégal who receive extensive training so that they can make financially sound proposals. "Suppliers," on the other hand, are individuals and small enterprises who receive training on how to compete for an award and run their businesses to meet stringent criteria set out in public bid documents. These small enterprises employ people in their own communities who receive training to build the roads, schools, canals, and power lines needed for a market economy. AGETIP covers all of Sénégal. This includes 10 regions, 48 municipalities, and 131 out of 317 rural communities. AGETIP's headquarters are located in Dakar. It operates three field offices and four local offices in other regions to have better national coverage.

The main objectives of AGETIP are:

- To develop a private sector that is capable of absorbing the country's high youth population.
- To develop a public and private sector that is independent from political influence.
- To develop a market for training by providing incentives for both customers and suppliers of training.
- To award training, work, and projects based on competence, not graft.
- To deliver services on time and on budget.
- To develop transparent bidding procedures.

AGETIP is a marked departure from business as usual in Sénégal. Throughout its history, first as a French colony then during the years following independence in 1960, the government has been the only major employer in the country. Virtually everyone is engaged in microenterprises to survive. Seventy percent of the country's population is under the age of 25, and youth unemployment exceeds 20 percent. With almost all the employed population in the public sector, how could the country produce the revenues it needed to solve its problems? Building upon experiences in delegated contract management in France and Germany, and with the support of President Diouf, Magatte Wade created the Association with the head of the trade unions in the construction sector, the head of the employer association, and the president of the Mayors' Association. This group met with World Bank experts who were interested in trying a strategy of enterprise development that would focus on workers, instead of machine tools, whenever and wherever possible.

Instead of trying to deal with the civil servants within the government who were likely to resist the development of transparent policies and procedures, the president authorized the formation of a nongovernmental organization (NGO). By spelling out its requirements for bidding, execution, and follow-up of proposed public works projects, AGETIP promotes the development of a competitive market where small and medium-sized enterprises compete for the awards, following recognized public procurement procedures. AGETIP continues to produce results despite a dramatic devaluation of Sénégal's currency in 1994.

A unique feature of AGETIP is its reliance on market mechanisms such as competition, information, transparency, and timely response to create a private sector in a country where none had been present. AGETIP does not define which projects and related training should be developed. As "owners" of the infrastructure, municipalities have to request support for the project through their elected mayors. AGETIP uses the principle of "Maître/Maîtrise d'Ouvrage Déléguée," where Maître/Maîtrise is the owner (the municipality) and Ouvrage is the entity or public work in question. Because the municipality does not have the funds in its budget it delegates its power to AGETIP to contract the work. Once the project has been reviewed and approved, AGETIP signs a contract with the municipality/beneficiary. The contract spells out all the details of the processes associated with the bidding, execution, and follow-up of the project. The technical part is managed by a chief of the Works who is usually a qualified engineer, architect, or special consultant retained by AGETIP. To date, AGETIP has a database of some 200 technical experts and firms.

The program attacks all dimensions of public procurement and training. For example, before bids can be put forth, a contract law has to be written and passed, and would-be bidders have to be trained on how to respond to RFPs and how to run a project on time, on budget, and, hopefully, with a profit. Mayors and their municipalities, which have to compete for funds for their infrastructure projects, must be trained to learn how to prioritize between competing demands for a school, a road, or a power line. Workers have to be hired to build the projects to specifications. Trainers have to be found to train workers, and entrepreneurs have to be hired through the same open bidding procedures.

To date, AGETIP has produced such significant results that it is being replicated in 9 other African countries. For details, please see the section on Economic and Social Impact.

Source: http://phoenix.edc.org/CWD/g_agetip.htm

(b) Studies

Tasks are unevenly distributed among consultants. Participation of local consultants is more important in roles that are linked to the knowledge of the local milieu, e.g., social and economic sectors, reduction of poverty, support to SME²⁷ and education. Specialized technical expertise in “hard” or highly specialized domains such as energy, water, urban development, transport and finance comes mostly from foreign firms. Again, as with infrastructure projects, the volume and complexity of the assignment are key factors encouraging local and foreign firms to join forces. Some projects executed recently by Canadian firms, financed by the World Bank in Mali and in Madagascar²⁸, show that the participation of local firms does not represent more than 10% of the services. Information related to shares amongst partners is rarely available to the public.

(c) Independent Consultants Assignments

Local consultants are at an advantage if procurement decisions are taken at a decentralized level. When a local branch of WB or UNDP needs specific competencies in a country, the local task manager easily recruits professionals on the spot. In the same manner at AfDB, independent consultant assignments are granted to local and regional African consultants. However, these activities are not financially significant: they rarely exceed a few thousand dollars. Furthermore, when recruitment is executed by a head office located outside of Africa, the consultant is generally recruited from a foreign country. At AfDB, because the head office is in Africa, the distribution of independent consultants mandates favours African consultants in about 80% of the contracts given.

For multilateral donors, the reason for the under-utilization of African professionals are: international bid regulations and procedures or individual recruitment made directly by a head office outside of Africa.

3.2.1.3 Projects Financed by CIDA and Nordic Aid Organizations

As seen in Section 2, bilateral agencies consulted by the study team (CIDA, NORAD, Sida, and Danida), do not have the same policy for using local professionals. For example, with CIDA, the bid process is only open to Canadian firms. Projects funded by CIDA rarely involve African professionals. In fact, it is necessary to be a Canadian citizen, or a landed immigrant, to be a member of the team of experts in a CIDA

project. The use of local professionals is limited to field work, although the Canadian firm implementing the project is not entitled to a profit margin on the professional’s fee. African consultants are therefore considered to be an expense and they are not accounted for in the professional services section of the budget. Their activities are included in the expenses section, and CIDA allows only 3% of these expenses as management fees.

It was also observed that CIDA’s Local Support Units frequently use local experts to evaluate and monitor “soft” projects, which are often implemented by Canadian NGOs in many countries. In addition, the Local Support Unit’s management and financial positions are usually filled by Canadians. All logistical, maintenance and reception positions are filled by local staff. Efforts made by Local Support Units to enhance country cooperation by hiring local consultants were significant in the countries visited in Western Africa (Mali, Sénégal, Burkina Faso, and Côte d’Ivoire). In each of these countries, the Local Support Unit has a card index of consultants who are called upon to intervene in local projects when possible.

Nordic aid organizations have less stringent rules than CIDA (such as having to be a Canadian national to participate as an expert in a CIDA project). In fact, their recipient responsibility policy, as mentioned in Section 2, would imply that local consultants have more opportunities with Nordic contracts than with CIDA contracts. In practice though, Nordic organizations have more involvement in the procurement of consulting services than their policy states, especially in recipient countries with a weak institutional capacity and consultant base. African consultants do not stand much chance of being awarded contracts on their own, or even qualify at all, in the absence of any kind of affirmative action. Moreover, retaining quality and cost as the main criteria, or worse, having technical criteria carry more weight than financial considerations, puts African consultants at a disadvantage. Finally, as participation in Nordic contracts by African consultants is usually very low, Nordic representations do not usually keep a list of local experts. Procurement of local consultant services is mostly done through personal contacts.

3.2.1.4 Influence of the Local Market on Fee Levels

Local government or private sector request for proposals (RFPs) attract many competitors if they are subject to an open RFP. The highly competitive nature of these tenders drives consulting fees down. Worse, local government officials tend to consider these tariffs in small projects as de facto tariffs for *all* assignments. For example, during contract negotiations on large projects, government officials often quibble about the

27. Small and medium-scale enterprises.

28. «Étude de la charge et des économies d’énergie au Mali » - 1997
«Étude de planification énergétique écologiquement durable à Madagascar » - 1995

low fees of the local firm while not objecting to the high fees of the foreign firms. It is not unusual that, in a joint venture between a foreign and a local firm, the ratio of foreign fees to local ones is as high as three to one.

3.2.1.5 Synthesis

Our observations show that the participation of African consultants in international projects varies in the following manner²⁹:

- +++ very important in the local projects financed by African countries
- +++ very important in AfDB activities requiring individual consultants
- ++ important in evaluation and monitoring of bilateral projects when these activities are administered in the field by representatives of Canadian and Nordic cooperation agencies
- ++ important in small AfDB projects and studies whose value does not exceed USD 500,000
- + good in WB projects whose value does not exceed USD 200,000 when they are administered locally in the country
- very low in AfDB or WB projects when they are subject to international bidding
- almost non-existent in bilateral projects when bids are handled in head offices

Therefore, the issue of African consultants' *low* participation in projects and activities of multilateral institutions is prevalent mainly when procurement decisions are handled at the head offices of these organizations and when international bids take place. Regarding CIDA and Nordic projects, the rules for awarding contracts through bids do not permit African consultants to participate in a significant manner, although Nordic organizations, at least formally, do not bar them from doing so.

This study, and the reports that precede it, highlight the parameters describing the under-utilization of African consultants in international projects:

1. Insufficient confidence on the part of foreign consulting firms and an over-appreciation of the risk associated with the use of African consultants;

29. It is very difficult to obtain data due to commercial and confidentiality rules. The qualitative scale presented below (+ or -) is based on interviews and meetings with local consultants and international donors.

2. A lack of financial resources in African consulting firms;
3. Unfavourable tied-aid regulations;
4. Limited breadth of expertise;
5. Limited networking with foreign firms;
6. Difficult access to information regarding projects and upcoming bids from international organizations;
7. A passive approach to identifying project opportunities.

By tackling these last four fundamental issues, it will be possible to rectify foreign firms' lack of confidence displayed toward African consultants and the over-appreciation of the risks associated with using African consultants. In the same way, it will be possible to increase their share of the market in projects funded by multilateral donors, and, consequently, improve their financial situation.

However, any steps taken to deal with these fundamental issues will only be effective if bilateral agencies adjust their internal policies on the subject of tied-aid.

3.3 Historic and Cultural Legacy

Beyond the issues of skills, competencies, experience and educational background, the historic and cultural legacy also plays a role in the lack of trust in African consultants.

«Nobody is a prophet in his own land», a saying which has more meaning perhaps in Africa than anywhere else in the world. Although the mentality is shifting progressively nowadays, colonial heritage, coupled with the Africans' deep sense of hospitality and respect toward guests result in a non-African foreigner getting more *professional* respect, deference and trust than a native son. Moreover, a foreign expert from the North is de facto perceived as more resourceful.

Traditionally, a position in government or in the civil service was more desirable than one in the private sector, due to better pay, more prestige and authority. Now, with a surge of realism and cost-consciousness resulting from successive waves of structural adjustments, private sector consulting is much more accepted and contributes more strongly to the State. African consultants asserting themselves vis-à-vis their local government is a necessary prerequisite to earning more trust and business from international organizations.

3.4 Implementation Priorities

In the two previous studies, six possible interventions were proposed, which dealt exclusively with the issue of the low level of participation of African consultants in contracts funded by international (bilateral or multi-lateral) donors. Along with the proposal to establish a system of certification of consultants and professional liability insurance (ref. report No.1), five other possible actions were discussed during the field visit. Essentially, these six proposals are:

1. Certification and professional liability insurance.
2. A permanent partnership with a firm from the North.
3. Association with firms from the North on a *project-by-project* basis.
4. International mentoring.
5. Registration and accreditation with donors' institutions.
6. A virtual reference centre.

Compilation of stakeholders' preferences as stated during the latest rounds of interviews indicate the following ratings:

highest priority:

- Intervention 3: association with firms from the North on a *project-by-project* basis.
- Intervention 6: virtual reference centre.

medium priority:

- Intervention 2: A permanent partnership with a firm from the North.
- Intervention 5: Registration and accreditation with donors' institutions.

lowest priority:

- Intervention 1: certification and professional liability insurance
- Intervention 4: international mentoring.

Recommendations based on the top four priority interventions are developed in Section 4.

Section 4 Recommendations

Studies conducted since 1995 confirm the serious problem of the under-utilization of private African consultants. The current study confirms that African consultants carry out the bulk of local projects awarded by their government or governmental agencies in most areas of expertise. Furthermore, local, industrial, and commercial private enterprises also award most of their projects and studies to local consultants. However, this national market is too small to sustain the African consulting sector, which employs, according to the data collected in the course of previous studies, more than 30 000 consultants. Consequently, if the participation of local experts in international projects does not increase, this sector will have difficulty providing sustainable employment for these professionals. The dwindling civil service is no longer able to absorb an increasing amount of university graduates. In addition, structural adjustment policies and globalization require the development of a dynamic private sector. Hence, there is an ever more pressing need for Capacity Building and Support to African Consultants.

Our overall recommendation is for Nordic and Canadian cooperation agencies to further facilitate the participation of local consultants in international projects through the following four practical interventions. The proposed activities should have a direct impact in two principal directions:

- Increasing international recognition and **professional acceptance** of African expertise; promoting the breadth of local expertise as well as the quality of services; and
- Reinforcing professional and **corporate links** between local and foreign experts, as well as fostering a better understanding of market opportunities.

Without attempting to solve all the problems related to the low participation of African consultants in international projects, the practical recommendations that follow should help improve the situation in the short and medium term. All four sets of activities will have to undergo a detailed costing and feasibility study in another stage. However, two specific items are developed in a little more detail: the registration system (database), and the involvement of young professionals in international projects.

4.1 Support for establishing systems certifying local consultants

Rationale: A previous report demonstrated that there are more than 30 000 consultants in Africa, and that it is very difficult for Nordic and Canadian aid agencies, multilateral aid organizations and large foreign consulting companies, to appraise local consultants' real qualifications and capacity. The confidence required to establish a relationship when hiring local consultants must be based on generating more information pertaining to qualifications and capabilities.

Intervention: Previous attempts to certify African consultants have been based on trying to impose externally defined standards or criteria, often measured on the basis of formal qualification only. This intervention will consist of support to national associations or other representative groups of local consultants who want to develop unbiased certification criteria or implement existing professional standards.

Three means are proposed to support the establishment of such a certification system:

- Support to national professional associations in order to develop relevant certification criteria;
- Setting diploma equivalences to be used in information systems; and
- Support access to ISO 9001 standards.

4.2 Support for establishing registration systems of local consultants and links to information systems on international development projects

Rationale: The study demonstrated that international donors and foreign firms have insufficient knowledge of the local consultant base. Proper access to information on the types of local consultants and their qualifications is a precondition for enhancing their involvement in international projects.

Intervention: Existing registration systems are developed by each donor and by local offices of international agencies. These databases of individual consultants and consulting companies are most often not updated and are generally accessible to the organization's staff. The proposal intervention would aim to establish an open electronic registration system. The database network would allow task managers of inter-

national organizations and other stakeholders, easy access to vetted information on the expertise available.

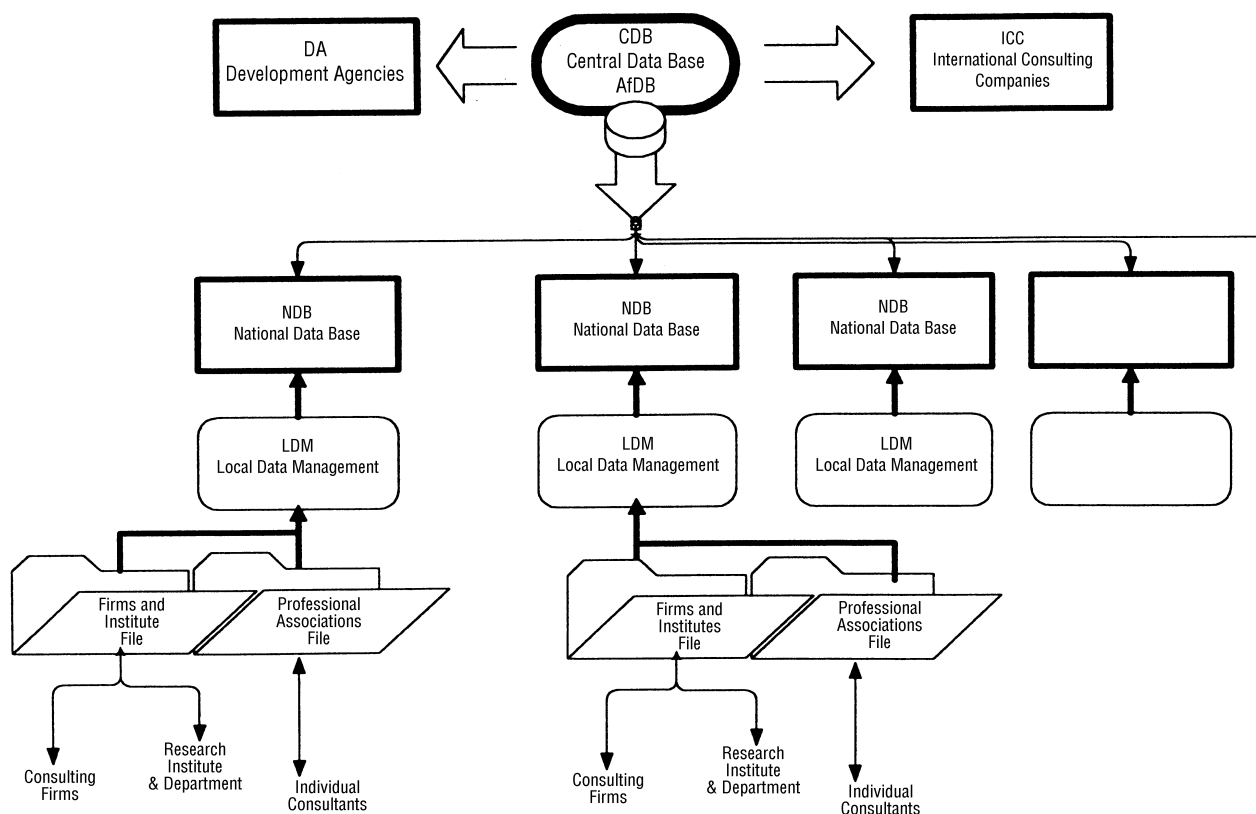
Two means are proposed to support the establishment of the registration system:

- Support for implementing national databases for consulting firms and individual consultants; and
- Support for establishing electronic links between the AfDB database (a first phase priority), the World Bank public information system, national databases, and Nordic and Canadian databases on current and future projects.

Establishing this electronic database network is technically feasible. The technology is neither new nor innovative: Internet links are becoming more prevalent in Africa and an increasing number of professional

consulting firms have access to servers in each nation's capital. Regarding the design of national databases, research and development work needs to be carried out in terms of framework, content, systems management and data validation systems.

Many databases will be available within the proposed network. One database would include the information collected by bilateral and multilateral donors as well as the information collected by the local offices of these organizations. Another database of professional associations of suppliers and consultants would also be implemented on a national scale. The structure of the databases would be similar to the AfDB's database of consultants. The validation of this information will be the responsibility of professional associations in each country. The local management of each database could be given to an independent organization or a private company in each country.



Possible Data Flow Chart

4.3 Support for establishing permanent, or project-by-project, partnerships between consulting companies in Africa and the North

Rationale: Consulting excellence requires special knowledge that can only be developed with experience. Being that many consulting companies in Africa do not possess the experience required in specific fields, they have difficulty presenting the best proposal. The study demonstrated that international consulting companies and international organizations tend to use local consultants on an ad hoc basis and in non-critical phases of a project cycle. This is not necessarily from a lack of goodwill on their part, but rather the outcome of time pressures and insufficient resources, which are not conducive to establishing a real relationship with local consultants. These proposals should help potential partners become clearly aware of African consultants' capabilities. Thus, it will be easier to involve local consultants in the critical path of large projects without increasing the professional and financial risks involved.

Intervention: Increasingly, Northern consulting firms join together in consortia. This intervention is designed to facilitate Southern consulting firms participation in these consortia or create their own, ensuring equitable participation for them in the professional activities of the projects.

Three means are proposed to support the establishment of permanent, or project-by-project, partnerships between consulting companies:

- Promote networking among consulting firms through a better use of existing information systems;
- Facilitate the access to information pertaining to pipeline projects; and
- Suggest specific changes to the rules of bilateral agencies in order to allow greater participation of local consultants in projects awarded to Nordic or Canadian companies.

4.4 Enhance professional opportunities for Youth

Rationale: During the last 30 years, bilateral cooperation organizations have funded many projects to support education and training in developing countries. Canada, for example, has been involved in university education projects in many African countries. Each year, the best universities and colleges of America and Europe welcome a great number of African students. But, African consultancy firms cannot easily make room for these junior³⁰ professionals (if and when they

return home), due to the low volume of business and the difficulties involved in proposing the services of a junior resource person when attempting to deliver international mandates. As with their foreign partners, African firms need new blood in order to renew their professional expertise and integrate modern approaches into each sector of professional activities. Integrating young professionals in African firms should also increase long-term users' confidence in the quality of the services offered.

Intervention: The proposed intervention aims to increase the professional capacities of African firms by integrating young professionals into the implementing phase of international projects. This will both strengthen the capacity of consulting firms and enable young professionals to gain much needed experience.

The bidding rules of international projects do not favour the inclusion of junior professionals. In fact, the proposals' evaluation grids generally award up to 25% for the financial offer, up to 40% for the quality of experts and up to 35% for the approach, methodology and compliance to specifications. The commercial practice favoured by Northern firms, as well as by Southern firms, forces bidders to propose the most experienced experts in order to obtain the maximum number of points during the evaluation of their curriculum vitae. Thus, a firm would have no interest whatsoever in proposing the services of junior professionals when they know that their proposal will automatically lose points in the scoring system.

While adhering to the principles of competition in international bids, certain minor adjustments are possible in order to correct the problem. The evaluation grid could, at least, prevent the exclusion of junior professionals. Without having to resort to a positive discrimination mechanism, such as the one set up by many countries regarding specific minorities or social groups, one could introduce a special grid for evaluating young professionals' résumés.

Including a «junior» category to international project proposals should not lead to any additional costs. For instance, if a project requires the participation of four senior experts, for a total of 600 days/expert, for the same cost, tenderers could propose 500 days/senior experts, and between 200 and 400 days/junior experts.

We recommend the implementation of a pilot project preferably with the participation of the AfDB, and a subsequent evaluation in order to assess whether or not to continue.

30. For the purpose of this study we suggest the following: definition of «junior consultant»: a young professional who holds a university diploma and possesses less than five years of experience.

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University-Based African Consultants In Nordic and Canadian Development Aid

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1. Introduction

The competence and capacity of local consulting companies and consultants in Africa are closely linked to the broader issue of sustainable development, recently most clearly expressed in the notion of capacity development or capacity building. Capacity development has been defined as “a process by which individuals, groups, organizations and societies enhance their abilities to identify and meet development challenges on a sustainable basis” (Qualman and Bolger 1996:1). Capacity development is a concept embraced by developed countries in order to improve the impact of international cooperation on behalf of sustainable development in the developing world. Yet the central tenet of much capacity development thinking is that sustainable development ultimately rests on indigenous capacity.

The following report is a sub-study to the report *Capacity Building and Support to African Consultants in the Private Sector* (Lavoie, Razanadrakoto and Tvedten, 1999). While the main study focuses on the role of African consultants in multilateral and bilateral aid in more general terms, the current study focuses on the role of African university-based consultants in Nordic and Canadian aid and research support.¹ Referring again to the notion of Capacity Development, supporting the capacity of well educated university-based professionals to carry out consulting assignments for key institutions in developing countries is at the very core of such an approach.

As is evident from the main report, the consulting industry plays an increasingly important role in the development process in Africa through its involvement in the design, management and implementation of development interventions on all levels. Key factors behind this change are the scaling down of government and privatization following structural adjustment, the increasingly open economies in sub-Saharan Africa and globalization of private enterprise, and the change from expert and project-based aid interventions to a focus on sector development and institution building and management (Kirmani and Baum 1990, Karuga 1994, Moore 1994, Morgan and Qualman 1996).

1. In this report, a “consultant” is defined as a professional who provides specialized advice on the basis of terms of reference and conditions defined by an external client. A “local consulting company” may encompass i) an international consulting company primarily employing foreign nationals, ii) a local consulting company primarily employing foreign nationals; or iii) a local consulting company primarily employing local consultants. The main focus of this report is on the third type of consulting companies and consultants.

At the same time the main report shows that local consultants tend to play a marginal role by being limited to non-critical assignments in the project cycle. This is often explained by factors such as shortcomings in project management, inadequate analytical abilities, absence of comparative knowledge, and delays in delivery of outputs. The identified strengths of local consultants, including empirical knowledge of the local scene and low costs compared with international consultants, are in most cases not enough to compensate for the deficiencies (see also Dufour et al. 1995, Lavoie and Razanadrakoto 1997).

From an African perspective, development of local consulting capacity is vital for control of the development process, but is done against many odds. According to one observer “... preference for foreign consultants is not only a colonial legacy among African managers and administrators; for the most part it is the result of donor pressure. Donors prefer consultants from their own countries either because they want to maintain control over the project they fund or they wish to provide jobs for their nationals. Even multilateral donor agencies, generally reputed for their cosmopolitan outlook, are not free from prejudice against African consultants” (Kaijage 1993:12).^{2,3}

African universities and other research institutions relate to the issue of consulting mainly in two ways: On the one hand, it is their task to train the professionals that ultimately will supply the local consulting industry with qualified people. On the other hand, the research institutions are affected by the very same industry through its implications for income generation and staff stability and, consequently, for teaching and research (Teriba 1993).

The Nordic and Canadian aid organizations are involved with research institutions and consulting through a similar dilemma: They look to universities and other research-based institutions for consultants, but acknowledge the potentially negative impact of this practice on teaching and research. In their research

2. The quote is from the book “Management Consulting in Africa. Utilizing Local Expertise”, edited by Frederick J. Kaijage and with contributions solely by African researcher and consultants.

3. The concern is not a new one: As early as 1974, the Organization of African Unity (OAU), the United Nations Economic Commission for Africa (ECA), the African Development Bank (AfDB), and the African Training and Research Center in Administration for Development (CAFRAD) organized a joint meeting on the utilization of African experts and resources of technical experience. One of the main themes was the training and effective utilization of African consultants (Kaijage 1993:1).

cooperation programs, moreover, their interventions to support teaching and research are often heavily affected by the involvement of the recipient institutions in consulting.

There seem to be two principal ways of relating to the dilemmas outlined: One is to argue that the primary tasks of teaching and research should be given priority, and that interventions should aim at making universities and university staff less dependent on generating income from consultancies. The other is to argue that consultancies are important because they involve universities in central issues in the development process and represent a vital additional source of income. Interventions should, therefore, aim at enhancing the competence and capacity of universities for executing consultancies.⁴

It should be emphasized that in both cases, it is recognized that the central task of universities is and should be basic research and teaching. The issue is rather one of differences in perception about the balance between these central tasks and consulting, and the extent to which enhanced competence and capacity in consulting should be a goal in itself. It should also be emphasized that the dilemma does not solely relate to universities in developing countries. Universities both

4. A third option, i.e., for universities to focus solely on basic research and teaching and leave the consulting business entirely to the private sector, seems less relevant: experience shows that such an approach will tap the universities for their most senior staff and exclude the universities from participation in the development process.

in the Nordic countries and Canada face declining public funding, criticism about relevance and utility of their research, and increasing dependence on externally generated income.⁵

The following sections will look at the issue of African universities in consulting in more detail. In section 2 we will give a brief overview over the impact of the consulting business on universities in Africa. Section 3 will give an outline of the policy of Nordic and Canadian aid organizations regarding recruitment of local consultants, and how university support programs take the issue of consulting into consideration. Section 4 consists of case studies from Mozambique and Namibia. The two countries in many ways represent opposite cases: The universities in Mozambique are generally negatively affected by the consulting business, whereas similar institutions in Namibia have managed to combine teaching and research with consultancies in a constructive way. The final section (5) with conclusions and recommendations will focus on i) alternative ways of managing consulting activities at universities; ii) alternative interventions to enhance the quality of consultancies at universities; and iii) alternative donor policies on the use of local consultants from universities in aid programs.

5. At the University of Bergen in Norway, income from commissioned research and consultancies represent as much as 30% of the budget. There is also a large number of private consultancies done by staff members within the framework of a system formally dividing time between research (40%), teaching (40%) and administration (20%).

2. African Research Institutions

The consulting industry plays a significant role in practically all of Africa's more than 150 universities, as well as in the increasing number of independent research institutions. The two cases treated in this report can serve as examples of its importance: At the Universidade Eduardo Mondlane in Mozambique, an estimated absentee rate among staff of 60% has detrimental effects for teaching and research and is primarily attributed to alternative employment and consultancies. At the University of Namibia, the university management foresees that external income from commissioned research and consultancies will account for between 20-30% of the university budget within five years and be of utmost importance for its development as an academic institution.

Following the heavy emphasis given to higher education by governments after Independence in the 1960s and 1970s (increasing the number of universities in sub-Saharan Africa from six before Independence to over 100 by the end of the 1970s), most universities have experienced a dramatic decline in status and access to economic resources the past two decades. They are in a period of continuing crisis accentuated by a seemingly insoluble dilemma: they are expected to accept ever-increasing enrollments, although their governments are decreasingly able to finance them (AAU 1991, Blair 1992, Combee 1991).

Africa currently uses a mere 0,4% of its GNP on research, as opposed to 3-5% in developed countries (Sida 1998d). The downgrading of centers of higher learning has had negative effects on academic competence and capacity, and an increasing number of African professionals study and work abroad⁶. The Makerere University in Uganda, the University of Ibadan in Nigeria and the Institute of Development Studies in Nairobi are only three examples of research institutions having experienced a decline. In the few cases where universities have maintained or enhanced their status and standard, this has been the outcome of exceptional economic circumstances (University of Botswana) or unequal developments and opportunities (University of Cape Town).

The decline of centers of excellence has led to a brain drain of many professionals to government and private enterprise. For the universities and the staff remaining, lack of resources and declining conditions have implied an increasing dependence on external funding. Much of this has come from aid⁷, but consulting has

become an important strategy for survival both for universities as institutions and for their individual staff members. Many attempts have been made to make consulting an integrated part of university organization, but the number of failures are considerably higher than the number of successes. The combination of poor institutional facilities at the universities (wages, equipment, office space), and an apparently unlimited access of individuals to consultancies, has made this an uphill battle: There have been too many vested interests in keeping consulting business unorganized and private, and too few clients who have taken the implications of hiring university-based private consultants into consideration.

Another factor working against a constructive integration of consulting into African universities is the prevalent perception of consulting being "second rate" in relation to academic research proper. The low status of consulting work has been strengthened through relations with partner universities in the North, where consulting has had a similar negative stigma.⁸ The pan-African and regional research institutions established in the 1970s and 1980s, such as the Council for the Development of Social Science Research in Africa (CODESRIA) and the Organization for Social Science Research in Eastern and Southern Africa (OSSREA), also emphasized research and teaching without systematically addressing the *de facto* dependence on consultancies at many universities in their programs and projects (Tostensen et al. 1998). The first larger pan-African institution with a specific mandate to support the development of consulting capacity was the African Capacity Building Foundation (ACBF), established in 1989.

The limited integration of applied research and consultancies into university life, and the apparently uncritical employment practice of government, private enterprise and donors, have led to a situation of inadequate competence and capacity for delivering quality consultancy services at most universities. The problems relate to the issue of costing and financing, contract negotiations, implementation of assignments, report-writing and editing, and timely delivery. At the same time the universities find themselves in situations of declining government funding and increasing com-

6. It is estimated that over 3000 African researchers currently work in the United States alone.

7. Research and research support represent 5% of total Official Development Assistance (Sida 1998e).

8. While this stigma is rapidly changing at universities in countries with traditions for private funding of higher education (such as the United States and Great Britain), it is still prevalent in other countries with a traditionally strong public funding base (such as the Nordic countries and Canada).

petition from local consulting companies, often established by former university employees. There are exceptions to this general picture, but all African uni-

versities and research institutions have to relate to the issue of consulting in some way or another.

3. Nordic and Canadian Aid Organizations

Nordic and Canadian aid organizations relate to the issue of academics in consulting, both through their research support programs and as users of local university-based consultants.

The four organizations belong to the “like-minded group”, and share central objectives in their international development cooperation. Within overall goals of sustainable development and poverty alleviation, areas of focus center around economic growth, social

equality, democratic development, environmental protection and gender equality (Danida 1998a, NORAD 1998a, Sida 1998a, CIDA 1998a). They also share a policy of local ownership and recipient responsibility, and concentrate their aid in the poorest countries in Africa and Asia. The size of the bilateral and multilateral aid programs is shown in Table 1, and the most important countries of cooperation are shown in Table 2.

Table 1: *Nordic and Canadian Aid Budgets 1997 (National Currency in Million).*

Country	Aid Budget	% of GDP	Bilateral Aid	Multilat. Aid*
Canada	2,676	0,34	1,813	0,862
Denmark	10,500	1,00	5,227	4,691
Norway	9,261	0,85	4,799	4,077
Sweden	11,946	0,70	6,925	2,810

Sources: Relevant Annual Reports. * Includes multi-bilateral assistance

Table 2: *Most Important Partner Countries of Cooperation*

Importance	Canada	Denmark	Norway	Sweden
First	Egypt	Tanzania	Mozambique	Mozambique
Second	Bangladesh	Uganda	Tanzania	Tanzania
Third	China	Bangladesh	Zambia	South Africa
Fourth	Haiti	Ghana	Bangladesh	Vietnam

Sources: Relevant Annual Reports

All four organizations employ a large number of people both as permanent staff in the organizations themselves (Head Offices and Representations), and on shorter-term contracts on programs and projects. The latter include traditional technical experts, as well as consultants. Since the end of the 1980s, the number of technical experts directly employed by the aid organizations has decreased considerably particularly in Norway and Sweden. Initially, national consulting companies and consultants largely substituted these. Recently “twinning” arrangements between public institutions, private enterprises and NGOs in the North, and like-minded institutions in the South, have become an additional channel for development cooperation. “Twinning” institutions use their own person-

nel as well as independent consultants in their projects and programs (Tvedten et al. 1998).

3.1 Consultants

Both the aid organizations themselves and their partners in development thus make extensive use of consultants for planning, implementation, monitoring and evaluation of programs and projects. The number and cost of consultants employed and/or financed by the aid organizations is shown in Table 3. In principle the aid organizations use national, international and local consultants. However, in all four countries the majority of consultants originate from the donor country itself. The consulting industry is particularly strong in Canada, and the country has two of the world’s ten

Table 3: *Number and Costs of Consultants*

Country	No. of Contracts	Costs of Consultants*	% of Aid Budget
Canada	709	189,3	7,1
Denmark	622	661,4	6,3
Norway	n.a. ^{1, 2}	n.a.	n.a.
Sweden	785	527,2	4,4

Sources: Relevant Units of Statistics *National currency in million.

1. "No Answer" implies that the relevant aid organization cannot supply the information requested.
2. NORAD can only account for consultancies entered by the Head Office under budget post 01/11 "Utredning, forskning og evaluering), and not for consultancies entered as part of projects. NOK 62,7 million or 1% of total bilateral aid went to consultancies under this budget post. 14% of this was used by the Embassies primarily for local consultants.

Table 4: *Most Important National Consulting Companies (Development Business only, 1997)*

Importance	Canada	Denmark	Norway	Sweden
First	Coopers & Lybrand	COWIConsult	n.a.	Swedsurvey
Second	CRC Sogema Inc.	Carl Bro Int.	n.a.	Hifab
Third	DPA Group Inc.	Kampsax	n.a.	Swedpower
Fourth	Soc. Dev. Desjardins	NCG	n.a.	Swedforest

Sources: Relevant Units of Statistics

largest consulting companies.⁹ It is also relatively strong in the Nordic countries, considering the small population and the limited size of the economies.¹⁰ All countries have companies that have specialized in work in developing countries. The four national consulting companies most commonly used by the aid organizations are listed in Table 4.

The selection and use of consultants in Nordic and Canadian aid is guided by two apparently contradictory policies. On the one hand there is a strong emphasis on the principle of recipient responsibility and local capacity building, which has led to accentuation on the need to use local consulting companies and consultants. Norway and Sweden have been particularly strong in emphasizing recipient responsibility or local ownership. Projects are in principle owned by the

recipient governments and institutions, and they are responsible for planning, implementation and reporting of projects. The donor on its part is responsible for the selection and funding of projects, and for monitoring that funds are utilized in accordance with policies and agreements.

On the other hand, there is also an emphasis on involving technical experts from the donor countries themselves. The arguments for this range from efficiency and accountability in project implementation, to the importance of involving national organizations and institutions as partners in development in order to sustain domestic interest in development aid in the donor country. Canada and Denmark have been among the most vocal defenders of tying aid and using national consulting capacity, even though they also emphasize the importance of close cooperation with recipient institutions.

Members of the OECD/DAC are presently negotiating a recommendation to untie ODA to the Least Developed Countries (LLDCs), as instructed by OECD ministers and heads of aid agencies in early

9. The world's ten largest consulting companies are Andersen Consulting, McKinsey, Ernst & Young, Coopers and Lybrand, KPMG Peat Marwick, Arthur Andersen, Deloitte and Touche, Mercer, Towers Perrin and A.T Kearney (EIU 1997).

10. Among the Nordic countries the consulting industry is most developed in Denmark, with COWIConsult and Carl Bro as dominant companies.

1998. While there is general agreement on the importance of greater aid untying in the context of DAC 21st Century Partnership Strategy, the issue of untying technical cooperation related to investment projects is considered more problematic.¹¹ The recommendation may have implications for the future policies of recruitment of consultants in the four aid organizations, most likely towards more international competition. Norway and Sweden are among the countries advocating further untying of aid, together with some countries with large economies and small aid budgets (such as the United States and the United Kingdom). Denmark and Canada are among the countries opposing the original DAC-proposal (Development Today 1998:8). CIDA argues that untying is likely to benefit other industrial countries, rather than the developing countries themselves. Danida argues for a more equal distribution of the “burden” of untying: Denmark’s untied aid is currently 0.30% of GDP, considerably more than the stated OECD goal of 0.15% of GDP which very few countries fulfill.

Despite the relatively similar policies for recruitment of consultants in the four aid organizations, there are differences in the practices of selection and employment. In Norway and Sweden, rules and regulations regarding the selection process vest the responsibility with either the head offices, their representations in developing countries, or with the partner government or institution. In Canada and Denmark, rules and regulations favor recruitment directly from the head office of the aid organizations or with the head office having a final say in the recruitment process.

The location of procurement responsibility will depend on factors such as the phase in the project development cycle, the size of the project in terms of money allocations, and the type of partners involved. Sida has the most detailed rules and regulations, developed particularly for Swedish international development cooperation (Sida 1990, 1998c). NORAD uses the general regulations for public procurement of goods and services, and the selection process seem less streamlined and vary between different departments (NOU 1997, see also NORAD 1996).¹² Danida also has clearly specified rules and regulations for recruitment of consultants particularly developed for Danish development aid. They advocate a more “hands-on” process than in the case of Sweden and Norway (Danida 1994a,b,c).

There are also specific rules regarding tendering (Sida 1990, 1998c, NOU 1997, Danida 1994b). In principle

Nordic tendering rules apply when the procurement responsibility rests with the head offices and Danida, NORAD and Sida representations, while tendering rules in the relevant country apply when the responsibility rests with recipient institutions and when the donor representations recruit consultants on their behalf (see below). The Nordic regulations state that the basic principle is that tendering is necessary when projects are of a certain size in terms of consultant fees.¹³ Another requirement is that there should be “real competition”, which is normally interpreted to be 3-5 tendering companies. However, there are also options for closed tenders or direct procurement under special circumstances.

In general terms, Sida seems to be most consistent in applying the principle regulations by actively using open tenders and a more limited use of direct procurement. Danida generally seems to apply closed tenders, and relies heavily on the two largest consulting companies in the country which carry 40% of the total value of contracts entered with Danish companies.¹⁴ NORAD practices a combination of tenders and direct requests. The organization often apply the option of direct procurement (“Kjøp etter forhandling” eller “Direkte kjøp”), also for projects of more than the stipulated NOK 150,000. In Canada contracts above CAD 100,000 are always issued after competitive bidding, although competitive tendering is emphasized for all contracts over CAD 50,000. Competitive tenders are normally publicized through an electronic bulletin board. The detailed procurement documents are available only upon payment of a nominal fee.

In the Nordic countries there are no specific rules regarding the use of national and international tenders respectively.¹⁵ The general perception seems to be that if a sufficient number of qualified competitors is not available in the donor country, the tendering offer will go to other Nordic countries and only in special cases to a larger international market. Consultancy procurements being the responsibility of the Head Office and published in the North are rarely simultaneously published in the South. Again Sida seems to be the organization that most often tenders outside the country, with Denmark being on the opposite end of the scale. In Canada, only Canadian entities (at least 51% Canadian owned) can bid on CIDA contracts, and only Canadian

11. Proposals include a system for reviewing dubious bids, tender documents and procedures.

12. One reason for this is that each department is responsible for recruitment to programs and projects in its own budget, with the Legal Affairs Section only being involved upon request.

13. In Norway the limit is NOK 150,000, in Sweden SEK 200,000, and in Denmark DDK 1.5 million.

14. A few years ago the Danish consulting companies were in the process of pricing themselves out of the market. After a short period with broader and more competitive tenders from Danida, the companies reduced their fees and regained their former preferred status.

15. EU rules will normally determine the use of tenders, but there is a “gentlemen’s agreement” within the organization to apply national policies and regulations in development aid.

and recipient country citizens can work under such contracts. The CIDA aid budget is hence not subject to regulations under the North American Free Trade Act (NAFTA).

The Nordic policy of recipient responsibility implies that governments and institutions in the South often are responsible for procurement of consultants for projects and programs, but the extent to which this is practiced varies. Danida seems to be the aid organization with the most systematic approach to the use of local consultants. In the beginning of each calendar year the representations forward estimates of their use for local consultants the coming year, and an overview over relevant salary levels and other costs. On this basis, the Danida Head Office transfers the necessary funds and special instructions on maximum fees for different categories of local consultants.

All the aid organizations are generally more involved in selection and employment of consultants than stipulated, particularly in countries that have a weak institutional capacity and consulting base. This is also the case in twinning arrangements. The actual selection process is normally done through a process of collaboration between recipient and donor with the latter normally having the "final say" in cases of disagreement.¹⁶ The procurement of consultants is thus more influenced by the donors than particularly Swedish and Norwegian policies imply. CIDA does not open for recruitment of local consultants in the same direct way. They are normally sub-contracted to Canadian consultants who have the overall responsibility for the project. In addition, Local Support Units (set up as projects) hire local consultants who also will show up as sub-consultants to CIDA. The number of

16. Nordic regulations in practice imply that consultants proposed by recipient institutions are to be assessed and confirmed either by the head office or the Representation except for very small procurements.

local consultants in Canadian aid is thus often higher than statistics indicate.¹⁷

Both in the cases where the procurement responsibility rests with the donor agency and with the recipient institution, the selection of consultants is to be based on criteria of quality and cost. None of the aid organizations have rules and regulations favouring the recruitment of local consultants, beyond the general policy statements referred to above. There is, in other words, no opening for affirmative action (or positive discrimination) favoring involvement of local African consultants.¹⁸ In practice, procurement of consultants from head office tends to favour national consultants for reasons of proximity and the nature of the work requested. Consultancies procured by recipient institutions and donor representations will tend to favor local or regional consultants for the same reasons.

As indicated by Table 5 below, consultants from the donor countries dominate consultancies for the Nordic and Canadian aid organizations. As we have shown in the main report, moreover, the national consultants generally carry the critical assignments in consultancies while the local consultants play a more marginal role. Danida is the aid organization using the highest proportion of local consultants among the four aid organizations treated in this report.

17. CIDA finds itself in a difficult situation in this respect: The international donor community argues for less use of tied aid and more use of local consultants by Canada, while Canadian domestic politics makes it necessary to maximize the Canadian component.

18. Donor organizations argue that building local competence and capacity cannot be the responsibility of individual projects and programs, but should rather be done through separate interventions. However, a system favoring the use of local consultants when awarding contracts is practiced by e.g. the World Bank (1998a,b)

Table 5: *Proportion of National, International and Local Consultancies (value in % of total expenses on consultancies)*

Country	National	International	Local
Canada	91.7	0.7	7.6
Denmark	76.0	15.0	9.0
Norway	n.a	n.a.	n.a.
Sweden	80.0	13.0	7.0

Sources: Relevant Unit of Statistics

3.2 Research Cooperation

The issue of African consultants in Nordic and Canadian development aid relates to research cooperation in three principle ways: First, universities are key institutions for capacity building of researchers who will ultimately end up as local consultants. Second, consulting has a significant impact on the universities and research institutions supported by the aid organizations. And third, universities and other research institutions represent an important source of local consultants for Nordic and Canadian development projects.

All agencies have active programs of research support, partly implemented by the agencies themselves and partly by semi-independent institutions funded out of Official Development Assistance budgets (see Table 6). The research units in the Nordic countries have relatively large budgets and similar project portfolios, but differ considerably in the number of personnel at the head office to manage it. The Swedish Agency for Research Cooperation (SAREC) has a staff of 39, Danida has a staff of five, and in MFA/NORAD four people have the responsibility for managing research programs.¹⁹ The most important semi-independent

institutions are the Canadian “International Development Research Centre” (IDRC) with 350 employees in its Head Office in Ottawa and 125 in its seven regional offices, and the “Norwegian Council for Universities’ Committee for Development Research and Education” (NUFU) which is managed by a staff of two in the Centre for International University cooperation (SIU) located at the University of Bergen.²⁰

All the agencies support development research carried out by their own national research institutions, international and regional research institutions, as well as local research institutions in the recipient countries. Many projects and programs are based on cooperation between research institutions in the Nordic countries and Canada, and the South. The largest recipients of research support in the donor country, internationally and in the recipient countries are shown in Table 7.

19. The figures are not directly comparable, as the extent to which management responsibility has been allocated to the implementing institutions vary.

20. In addition to the Nordic and Canadian organizations, other large organizations focussing on support to research in developing countries include the Rockefeller and Ford Foundations, the French ORSTOM and the Dutch NUFFIC.

Table 6: *Research Cooperation (National Currency in Million)¹*

Country	Total Research	Bilateral Research	Multilateral Research	Research as % of Total Aid
Canada	164.5	72.8	91.7	6.1
Denmark	286.6 ²	169.1	117.5	2.7
Norway	443.3	338.7	104.6	4.8
Sweden	486.6	196.6	142.0	3.2

Sources: Relevant Annual Reports and Units of Statistics

1. The figures have been worked out in cooperation with the units of statistics in the four organizations. Their systems of registration vary, and direct comparison is therefore difficult. However, the figures do give an indication of the size and focus of the research programs.
2. If research components of other types of bilateral and multilateral projects are included, the budget amounts to DDK 350 mil or 3.3% of the total aid budget.

Table 7: *Largest Recipients of Research Support*

Country	Donor Country	International	Recipient Countries
Canada	Université Laval	CGIAR	Addis Ababa University
Denmark	CUF	CGIAR	Univ. of Dar es Salaam
Norway	CMI	CGIAR	Agric. Univ. of Tanzania
Sweden	Univ. of Uppsala	CGIAR	Univ. of Dar es Salaam

Sources: Relevant Units of Statistics

The primary goals of research cooperation are generally defined as i) reinforcing higher education and research in developing countries, and ii) building up development related knowledge in the donor country itself (MFA 1998, Danida 1998b, Sida 1998e, IDRC 1998). Despite the common goals, there are differences in focus and approach. Aware of the danger of oversimplification, Norway and Sweden have mandates for supporting both research *per se* and institutional development of universities and research institutions in a broader sense. This includes support to human capacity development, organizational development, as well as systems development which relates to issues of legitimacy vis à vis government and other stakeholders (Tvedten et al. 1998:16-18). Denmark concentrates on a focused support to research, primarily with individual departments or other units rather than universities as institutions. In line with this, Danida argues for developing "units of excellence" rather than "centres of excellence". Canada is not primarily involved in supporting research institutions *qua* institutions, but has identified a set of research topics that are the focus of attention and pursued through support to different institutions and individuals.

CIDA has no formal mandate to support research, but the organization nevertheless has small research components in its programs. The bulk of the grants for research cooperation with developing countries in Canada is channeled through the International Development Research Centre (IDRC). The Parliamentary budget appropriation to IDRC for 1997-98 was CAD 88,1 million, to which must be added some CAD 30 million in non-parliamentary appropriations, most of which come from CIDA. IDRC is a public corporation created by the Canadian Parliament to initiate, encourage, support and conduct research into the problems of the developing regions. It has an international Board of Governors and submits an annual report to Parliament through the Ministry of Foreign Affairs. IDRC provides most of its support to researchers and policy makers in developing countries. Grants from the Canadian government have been reduced by more than 30 percent since 1990. IDRC has a total staff of 475 at its headquarters in Ottawa and regional offices in Cairo, Dakar, Johannesburg, Montevideo, Nairobi, New Delhi and Singapore (IDRC 1998).

Danida's research amounted to DDK 350 million in 1997, and was divided into three main areas of activity. The Program for Enhancement of Research Capacity in Developing Countries (ENRECA) supports research capacity building in developing countries through programs of cooperation between research institutions in Denmark and the South. The cooperation includes planning and implementation of research projects, and support to training and education of researchers from developing countries. Danida also finances the core budgets of four institutions in Denmark focusing on research of relevance for developing countries (with the Centre for Development Research in Copenhagen as the largest recipient). Finally Danida supports international research institutions, mainly the 16 centers organized under the Consultative Group for International Agricultural Research (CGIAR) (Danida 1998b).

Norway's support to research in 1997 was NOK 443 million.²¹ Norway supports the development of research capacity in developing countries, international research institutions as well as development research in Norway itself. The support is currently given through a number of different channels in NORAD, the Ministry of Foreign Affairs and the Norwegian Council of Universities' Committee for Development Research and Education (NUFU). NUFU was established in 1991, and is financed until 2000. It focuses on research cooperation between Norwegian universities and universities primarily in Norway's main partner countries of cooperation. The Ministry of Foreign Affairs is currently working on a new Strategy for Research and Higher Education in Norwegian Development Aid, with a main goal of simplifying and streamlining the research support (MFA 1998).

Sida's support to research amounted to SEK 487 million in 1997. The support to the sector is channeled through SAREC, which became an integrated part of Sida in 1995. The general goals of Sida's research cooperation are to reinforce higher education and research in developing countries, to promote development-oriented research in the South, and to build up development related research capacity in Sweden. Sida's research program puts considerable emphasis on bilateral research cooperation. Sida is also responsible for Swedish participation in EU's developing country research program (Sida 1998e).

All four institutions emphasize enhanced academic research capacity as the primary goal of their support,

but they also argue for the importance of development-oriented research and the important role of universities in the development process. Despite this, the role of consulting as such is only marginally reflected in research policies and research-related programs and projects. If anything, consulting at universities has been seen as an obstacle for effective implementation of support to research and teaching. There are exceptions to this general picture, but they are few and far between. The interventions that have targeted consulting activities have normally focussed on management issues, and not on enhancing the competence and capacity to do such work *per se*.

However, there are indications that the attitude towards consulting is changing. In the new Strategy for Research and Higher Education in Norwegian Development Aid being developed by the Norwegian Ministry of Foreign Affairs (MFA 1998), the role of applied research and consulting is specifically discussed. After having referred to the importance of consulting at universities and the importance of using locally-based consultants, it is argued that: i) Norway should contribute to the development of basic as well as applied research capacity in partner countries, ii) development and use of local consulting capacity should be seen as an integrated part of the general support to the university sector, and iii) support should be given to develop professional and administrative capacity making it possible for universities to take their own initiatives for applied research and consultancies (MFA 1998:12). Initiatives are also currently taken to enhance the project evaluation capacity in the main countries of cooperation, which by the nature of the task will involve universities and other research institutions.

The current research cooperation strategies in CIDA/IDRC and Danida do not take up the role of consultancies in the same concrete manner, but the organizations argue that the impact of consultancies on the research institutions they support is considerable (IDRC 1998b, Danida 1998b). In most cases it is considered to be negative, as cooperating partners are not investing sufficient time and resources into the projects and programs being supported. However, they also argue that there are cases where access to consultancies helps retain particularly senior staff and makes it easier to relate the research to important development processes. Sida/SAREC argues that the issue of consultancies at universities is irrelevant for their bilateral research support (see also Sida 1998e), but also in their case the *de facto* impact is reflected in planning documents and evaluations of concrete projects (Sida 1998d).

The research programs also use consultants in development and evaluations of research programs and

21. The figure is taken from NORAD's Annual Report 1997, and includes bilateral and multilateral research support. According to MFA, inclusion of all support channeled through that Ministry increases the amount to approximately NOK 500 million.

projects, and CIDA/IDRC, NORAD and Danida particularly emphasize the importance of employing local consultants for evaluations. IDRC contracts consultants for two main tasks. One is to advise IDRC with respect to operational issues, such as human resources, auditing and information technology. The other is to conduct evaluations, review projects, assist recipients in project formulation, advise on dissemination issues etc. Local consultants execute approximately 30% of such consultancies.

In conclusion, the main perception among the Nordic and Canadian aid organizations is that the primary

tasks of research and teaching should be given priority, and that interventions should aim at making universities and university staff less dependent on income generation from consultancies. The alternative view, that universities and university staff depend on income from consultancies and that consulting is an important way of making research relevant for the development process, seem less prevalent. For a closer look at the role of consulting at universities and in Nordic and Canadian development aid, we turn to two case studies from Mozambique and Namibia.

4. University-based Consulting in Mozambique and Namibia

Mozambique and Namibia in many ways represent contrasting cases both with respect to local consulting capacity in general, and university based consulting in particular. Mozambique is a poor and aid dependent country, with a large consultancy market. The local consulting base is limited, implying a strong dominance of international (including South African) consulting companies. The universities are weak, and strongly influenced by brain drain and high absentee rates due to alternative employment and consulting.

Namibia is a middle-income country with a more limited consultancy market, and a relatively strong (albeit white-dominated) local consulting industry. The university and research institutions currently work under favorable conditions, and consulting does not have a strong impact on research and teaching. Nevertheless, staff members do consultancies primarily on an individual basis, and the university foresees an increasing economic dependence on consulting in the near future.

Having said this, the universities and research institutions in the two countries also share common traits. None of the universities has managed to organize its consulting activities in coherent ways, even though there are examples of individual departments and centers that relate more constructively to the issue of consulting than others. The universities generally suffer from a weak reputation as consultants, and are not considered particularly relevant procurement sources

either by government, private enterprise or donors. Larger projects tend to go to international consulting companies, international consulting companies with local offices, or local private consulting companies (often established by former university employees). The following is a more detailed assessment of the consulting industry in the two countries, with particular reference to universities and research institutions.

4.1 Mozambique

4.1.1 Introduction

Despite its considerable agricultural potential, Mozambique is one of the poorest countries in the world. Conventional economic criteria and its heavy dependence on donor assistance confirm this fragility. Equally important manifestations are its meager human resource base, and its weak institutional framework. These difficulties are compounded by the many rapid transformations over the last ten years and the last five in particular: from war to peace, from a single to a multi-party system, from reactive war and drought-imposed emergency measures to pro-active reconstruction and development initiatives, and from a centrally planned economy to a market oriented one via a rigorous structural adjustment program. Some key socio-economic indicators are given in Table 8.

Table 8. *Key Socio-economic Indicators for Mozambique (1997)*

Indicator	Mozambique
Population	18.3 million
GDP per capita	USD 90
Aid per capita	USD 80
Life expectancy at birth	46 years
Literacy rate	37%

Source: Danida 1998a

The development described has had the combined effect of reduced employment and funds in the public sector, and an upsurge in the importance of the private sector. Though foreign private investment has increased, aid money still constitutes the bulk of the investments made. No other country in the world is more aid dependent than Mozambique.

The development has implied an increasing demand for managing and technical consultants. A number of large international consultancy companies have established themselves in the country, and new Mozambican consulting companies have been created. The foreign companies include Coopers and Lybrand, KPBM Peat Marwick and Deloitte and Touche (in partnership with a local company). Larger Mozamb-

ican companies include *Consultec* and *Austral Consultoria e Projectos*. Consultec is a Mozambican engineering company with 14 full-time civil and sanitation engineers, and Austral employs 25 Mozambican lawyers, economists and social scientists.

There are no reliable figures on the number of individual consultants in Mozambique. However, the general impression is that it is a full-time activity for relatively few professionals, but a not uncommon sideline by people working in government or the universities. The private company Austral has a roster of some 300-400 consultants it can draw on, of which it estimates about 300 are Mozambicans. A USAID project has a list of 100 names of people available to give short-term specialist assistance.

4.1.2 Universities and Consulting

The National Policy on Education states that improving quality and access to primary education is a priority, although the Mozambican government also recognizes that higher education is essential for the country's development. Nevertheless, in real terms budget allocations for tertiary education have declined in recent years and the public universities rely heavily on external foreign aid and loans. Education as a whole received 11% of total recurrent and investment budget allocations, comprising 3% for higher education and 8% for the rest.

Mozambique currently has three public and three private universities created in the last three years.²² The latter provide only a limited range of courses and have a predominantly part-time staff drawn from public universities, government and the private sector. They are thus on the "receiving end" of services and do not figure in the consulting debate. Of the three public universities, Eduardo Mondlane University is the oldest, largest and by far most prestigious.

The Universidade Eduardo Mondlane- UEM (originally *Universidade Lourenco Marques*) was established in 1968. At independence in 1975 it had over 2,000 students. As they were predominantly Portuguese nationals who subsequently left the country, however, within two years the number had fallen to a few hundred. Coupled with the reduced capacity of the country's secondary and pre-university education system at independence this has meant that UEM has always faced an uphill battle to establish a core of permanent, well qualified national teaching staff. Only in

the last 2-3 years has it started to benefit from the first significant wave of foreign-trained post-Independence Ph.D. graduates. Consequently while in many other African universities a market economy, private sector enticement and consulting may have undermined a once thriving national academic community, UEM never managed to reach this point, and these new pressures merely make an already difficult job even harder. About a quarter of the staff are foreign and many of the Mozambican staff have permanent jobs elsewhere and are only occasional lecturers.

The university has 12 faculties and centers. The faculties include Engineering, Agriculture, Economics, Sciences, Arts and Medicine, and the centers include the *Centro do Estudos Africanos* (Centre for African Studies, CEA), the *Centro de Informática* (Centre for Computer Science, CIUEM) and the *Centro de Estudos Populacionais* (Center for Population Studies, CEP). The Mozambican staff at UEM is currently 380, and the foreign staff 130. 77% of the academic staff are men, and 23% are women. Student enrollment is 5 200, with the largest number (approx. 1 200) being enrolled in the Faculty of Engineering. The low quality of pre-university education is a problem, and the drop-out rate is high (UEM 1998a).

The UEM has severe financial problems and the situation described above means that both its administrative and academic capacity are weak – but would be even more so but for the substantial donor assistance received since Independence (Sida 1998e, van Dongen et al. 1997). Although no figures are available on the weight of donor contributions in the total budget, 91% of its 1998 investment budget is donor-funded. Holland, Italy, Portugal, Ford Foundation and Germany fund the most important international cooperation programs. Sweden gives general budget support, support for the Faculty of Agronomy as well as grants for research and research-related activities (Sida 1998d). Also Norway is involved with a NUFU-program.

A large proportion of the staff is either abroad on further training, or providing services for the private sector while retaining their position at UEM. A study done by the Dutch in 1997 estimated an absentee-rate of 60%, which to a large extent is attributed to alternative employment and consulting (van Dongen et al. 1997). Many have also left to take up senior positions in the private sector (including consulting companies), government and to some extent in NGOs. Even though they would have preferred, and were being prepared for, an academic career the salary discrepancy makes this option untenable. For those who remain consulting is the prime mechanism for topping up their salaries. Although the problem affects all faculties, those with professional skills in high demand in the current

22. The private universities are the *Universidade de Católica de Mocambique* – UCM (Catholic University of Mozambique), the *Instituto Superior Politécnico Universitário* – ISPU, (Higher Polytechnical University) and the *Instituto Superior de Ciências e Tecnologia de Mocambique* (Mozambique Higher Institute of Science and Technology).

socio-economic context have been hit particularly hard – economics and law, for example.

The Universidade Pedagógica (Pedagogical University, UP) was created in 1985 as the Faculty of Education at Eduardo Mondlane University. It became a separate university in 1995, with the objectives of i) training teachers, and ii) doing basic research relevant for education in Mozambique. The University has 217 staff members, and approximately 3 000 students. The fact that most of its staff teaches part-time in private schools is a severe impediment to both its teaching and research activities. As consulting is limited to a very small number of senior staff the main issue for the UP is one of alternative employment rather than consulting *per se*.

The Instituto Superior de Relações Internacionais – ISRI (Higher Institute for International Relations) was established in 1986 and currently has a staff of 37 (many of whom are part-time), 350 students and departments of law, economics, international relations, languages, social sciences and pedagogy. It provides a lower degree (*Licenciatura*) in international relations and is thus a source of recruits for the Ministry of Foreign Affairs, foreign trade companies and other institutions with an international perspective. As it is quite small it does not face the major financial problems of the UEM, and Sida is supporting it both financially and professionally. Although a few staff members occasionally do consultancies this has no adverse effect on teaching and research.

Alternative employment and consulting have a major impact on higher education in Mozambique – and particularly on the crucial Eduardo Mondlane University. While consulting clearly has both positive and negative implications, it is generally recognized that it cannot be avoided and hence the main challenge is how to manage, organize and discipline it. Although UEM regulations prohibit unauthorized external activities by permanent staff the university management acknowledges that it is powerless to stop it. The most common positive arguments for an active involvement in consulting are:

- Consultancies involve the universities directly in the development process, reduce the university's "ivory tower" isolation and ensure close contact with the country's realities.
- Consulting is an important source of income for the institutions and their staff in times of inadequate public funding, and is thus a means of retaining staff.

- Consulting can improve teaching, by involving staff in important development issues facing Mozambique.
- Consulting can be used to further research, by giving access to field experience and data that otherwise may be difficult to obtain or for which no alternative research funds are available.
- Consulting is a potential source of both funding and experience for students, who are recruited for fieldwork assignments by their teachers.

Among the most common negative arguments are:

- Commissioned research, and consulting in particular, are unseemly for academics given their frequent short-term perspective and superficiality and detract from long-term "serious" research. Consulting should not be a university task.
- Teaching and research suffer when the staff gets involved in consultancies or are occupied with report writing and other related tasks.
- Consulting easily creates tension among staff members, as access to consultancies will differ between faculties, departments and individual staff members.

Different historical backgrounds, institutional status and autonomy, professional skills, attitudes to consulting and even changing fashions and demands among donors, have resulted in a wide variety of consulting experiences and effects in the different faculties and centers. Indeed, it is impossible to speak of a single general "UEM experience" and hence there can probably be no single solution, but rather different approaches tailored to the special features of each faculty or center. For example, the Centre for African Studies found its past consultancy experience to be highly divisive and conflictual and now relies on research-oriented donor funding within its selected fields to complement its UEM budget allocations. The main problem for the Economics Faculty is the consequences of the past brain drain to the private sector and an absence of management, the immediate concern being to rebuild the decimated faculty using World Bank project funds as a cushion to help retain staff. The Centre for Population Studies gets no university funds – its staff is officially assigned to other faculties and apart from some FNUAP funds it is totally dependent on consultancy work.

On the whole, most attempts to date to combine regulations on time spent on consulting and the distribution of the resulting income have failed due to a combina-

tion of poor management capacity, the vested interests of some academic consultants, conflicts on the distribution of income and consultancy assignments²³.

There is, however, at least one case where consulting has been successfully incorporated into university structures. The Faculty of Agriculture at UEM, with 45 professional staff and 600 students, established a separate consulting unit called *Grupo de Recursos Naturais e Biodiversidade (GRNB)* in 1995. The group consists of 8-10 members. Only staff members with an M.Sc. or Ph.D. can become part of the unit in order to ensure quality, but junior researchers and students are involved in projects under supervision of senior staff. The staff can take on consultancies only after permission from the Faculty and the GRNB, and on certain conditions. One condition is that teaching responsibilities shall be fulfilled, if necessary by paying colleagues to teach on one's behalf. A second is that potential clients must allow the data and other information obtained during consultancies to be used in teaching and research. And thirdly, the GRNB has realized that consulting requires special skills and its staff must go through special training courses in consulting.

Minimum fees for consultancies are USD 150 per day for members of the group, and USD 100 for fieldworkers. The researchers receive 80% of this and the remaining goes to the Faculty of Agriculture. This latter amount is divided into 10% for the department doing the consultancy, 5% to GRNB, 3% for research and extension work and 2% for a social fund for all workers. Consultancies at least double the salary for the staff involved. In 1997 the Faculty's net earnings after paying staff consultancy fees were 20% higher than its UEM budget allocation. In addition, some consultancies have led to long-term funding for research: A small consultancy for the World Bank on forestry recently led to funding for a research project worth over USD 1 million. The GRNB has also on occasion provided faculty consultants on request to outside private consulting companies, in which case it negotiates the conditions with the company.

The GRNB is currently well established, and there seems to be several reasons for its success. One is the commitment of the faculty's management and senior staff and the managerial skills of key staff members, combined with internal discipline to ensure that teach-

ing does not suffer. A second is the emphasis on openness and transparency as regards remuneration and the allocation of assignments.²⁴ Finally, the GRNB itself has also noted that the nature of consultancies in the agricultural field is such that they invariably require teamwork requiring different levels of expertise – down to the involvement of students and very junior staff in fieldwork - rather than individual efforts. This helps avoid the pressure and rivalries that arise from the frequent assignments of a small favored few.

The University Eduardo Mondlane is in the process of developing a strategic plan for the next five years, where the issue of consulting has a central place. According to the UEM management there will be a stronger line on staff members who spend too much time on external tasks, but at the same time a *de facto* acceptance of executing consultancies as long as this does not affect teaching and research in a negative way. The main challenge as they see it is to implement systems where the university, the faculty and the individual researcher benefit. How precisely this will be achieved is still being studied.

Also donors start seeing the importance of relating to consulting in their research cooperation programs. A recent Swedish evaluation of the UEM (Sida 1998d) states: "It is important and urgent that there be a clear policy on consultancy and extension activities, which gives initiatives to units to expand. Guidelines are needed on types of benefits for staff, percentages to be retained by units, and so on. There is also a need for a more aggressive policy to promote the UEM's capabilities, especially to government institutions" (Sida 1998d:67).

4.1.3 Local Consultants in Nordic and Canadian Aid
CIDA, Danida, NORAD and Sida have been heavily involved in Mozambique since Independence, and the country continues to be a major recipient of Nordic and Canadian aid. Even though the absorptive capacity of aid remains low, the donors emphasize the positive economic and political developments in Mozambique and they are likely to maintain a high profile in the country. The size of the aid programs and main areas of cooperation are shown in Table 9.

23. Although at least one company considers university consultancy activities to represent "unloyal competition" in that their fees do not include the many free administrative overheads provided by the university.

24. There is however less transparency in relation to The Ministry of Finance and government accounts, in that the revenue is not registered as university income. There is an understandable fear that efforts to augment resources in this fashion may result in corresponding cuts in the Faculty's budget allocations. This issue will become more acute if the other faculties and centers start to get better organized, although the Ministry of Finance has reportedly asserted that this will not result in budget cut-backs.

Table 9: *Size and Areas of Focus of Nordic and Canadian Aid Programs in Mozambique*

Budget/sector	Canada	Denmark	Norway	Sweden
Budget 97*	27.5	186.9	387.1	384.6
Sector 1	De-mining	Education	Health	Economic reform
Sector 2	Health	Health	Infrastructure	Democracy
Sector 3	Education	Fisheries	Democracy	Infrastructure
Sector 4	Human rights	Agriculture	Rural dev.	Social dev.

Sources: Relevant Annual Reports * National Currency in Million

The programs involve a broad range of sectors and activities. An increasing part of the Nordic aid programs is channeled through “twinning” agreements particularly between public institutions and NGOs. With the nature of the programs and high level of activities, the Nordic and Canadian donors employ a large number of consultants. Moreover, the weak local institutional capacity in Mozambique implies that donors often are involved in the recruitment of consultants also in cases where the recipients are formally responsible. This is also the case with the “twinning” projects, where the institutions in the North have a strong impact on the process of selection and employment of local, international as well as Norwegian consultants.

The Nordic representations generally argue in favor of using local consultants, but state that there are only general policy statements but no rules and regulations from the Head Office on the extent to which they should be used. They also argue that the local consulting base is weak, and that the best and most relevant local consultants tend to be employed by foreign consulting companies or local consulting companies run by foreigners. Having said this, they also acknowledge that they do not have a total overview of the consulting base. None of them have updated rosters or other types of registration.

Concerning the university in particular it is argued that it has some good subject matter specialists, but tends to be weak on consulting as such (i.e., “tailoring their knowledge to the clients need”). They are also weak on management and administration, and the representations therefore prefer to contract private companies who in turn may contract individuals from the university.

Recruitment of local consultants is mainly done directly through personal contacts, and the representations argue that there are no specific guidelines on the procedures for recruiting local consultants. Tendering

is normally not used, both because of the limited resource base and because most projects are below the ceiling making tendering necessary. While Sida argues that they do not use local tendering at all, NORAD has used limited tenders with 4-5 companies on some occasions. The final composition of teams is often done in cooperation between the Representation and the head office in the donor country.

CIDA has a more limited involvement in Mozambique, and is a micro-mission under the Zimbabwe High Commissioner. De-mining, health, education and human rights are the main areas of focus. The selection of consultants is normally done from the Head Office after tendering in Canada. The staff argues that there is little room for direct recruitment locally in Mozambique, even though the Canadian companies do employ local consultants for special tasks. IDRC is still building up a program in Mozambique, working with Peace-Building and Reconstruction (PBR) and Information and Communication Technologies (ICT) in rural areas. While using IDRC or Canadian consultants for program development etc., they mainly work through local institutions for project implementation. If local consultants are not available, they will look for people in the region through their own network of IDRC offices.

Even though other donors share the general experience of a weak local consulting base, there are different experiences and ways of relating to the local consulting base. USAID seems to be particularly active in recruiting local consultants, and has also contributed to a roster that they plan to develop further.²⁵ They have also actively used public channels for tendering, including newspapers. GTZ, on the other hand, argue that the local consulting base is so weak that they normally look for “local” consultants in the neighboring

25. This may at least partly be related to USAID’s focus on “soft sectors” like democracy and human rights, where the advantages of local consultants are more obvious.

countries (South Africa and Zimbabwe). They also argue that it is frequently necessary for consultants to know German aid and GTZ from the inside, and also to understand the German language – i.e., in various instances only German consultants are appropriate. (Language may in fact be a more widespread inhibiting factor in the use of local consultants – more specifically, the fact that many Portuguese-speaking Mozambicans are not at ease writing reports in English.)

A common problem for all donors is the lack of adequate information about the existing consultants, and uncertainty regarding local regulations for tendering rules, employment, remuneration, etc. Following concern about the disparate fees paid to local consultants, UNDP contracted a survey by an international consulting company that made recommendations on the levels to be paid that are followed by some donors. However, the donors, who argue that they are not sufficiently flexible, generally do not use these.

In conclusion, the general perception among the donor agencies of the local consulting base in Mozambique is that it is relatively weak and unorganized, with the exception of a small number of companies and individual consultants. Most of them normally end up using private international or local consulting companies, and relations with university-based consulting are limited and mainly on an individual basis.

Mozambican consulting companies and consultants on their side argue that they are not sufficiently known

and used by donor agencies.²⁶ This is also the case for university-based consultants. They generally do not know about consultancies coming up, they are rarely involved in tenders on their own, and are often contacted for sub-contracts with minor non-critical tasks that makes it difficult for them to develop. In many cases they argue they can take on larger parts of the work if given a chance. At the same time they acknowledge their limited capacity for certain types of projects, both because of size and subject matter. There are several initiatives from smaller Mozambican companies to cooperate in order to be stronger in the market (notably in the sectors of engineering and agriculture), but these have not yet materialized. There is a positive attitude towards cooperating with international companies, but it is emphasized that this must be on an equal basis with the Mozambican partner involved in all phases of the project cycle.

The main constraints on consulting capacity experienced by Mozambican consulting institutions themselves are shown in Table 10 below. Regarding their perceptions of possible interventions from donors to support the development of a local consulting industry, we will return to this in the final section.

26. A partial exception is *Austral*, which is large and has attracted a number of well-qualified Mozambicans. From a situation where most of their work was done on sub-contracts for international companies, 60% of the projects are now prime contracts and 40% come from tenders. However, also *Austral* argues that they are in a position to take on more consultancies and a heavier responsibility than what they currently do.

Table 10. *Perceptions of Training Needs, Mozambique*

Training Need	Importance*
Improved access to information about upcoming consultancies	4.7
Costing and financial management	4.0
Contract negotiations	4.3
Implementation of assignments	3.3
Report writing and editing	4.2
Access to equipment and tools	2.9

Source: Survey for the study “African Consultants in Nordic and Canadian Development Aid”. * Respondents were asked to indicate degree of importance on a scale from 1 (“Not important”) to 5 (“Essential”). The figures represent average scores. See also Appendix 3.

4.2 Namibia

4.2.1 Introduction

Namibia was under South African colonial rule from 1915 until Independence in 1990. The legacy of colonial rule is particularly strong in Namibia, with continuing economic and institutional ties to South Africa. Since Independence the new SWAPO government has followed a policy of reconciliation and close cooperation with the former occupant, while seeking to redress the glaring inequalities and create a new basis for development inside Namibia.

The country has amply been described as a rich country with poor people. The natural resource endowment of the Namibian economy is considerable, particularly when related to the small population of 1.7 million people. Namibia has varied mineral deposits, rich fishing grounds, and extensive pastures. The country has

shown an annual increase in GNP of 1.8 to 6.7% over the past five years, with mining, fishing and tourism being particularly important. At the same time, however, the distribution of income is glaringly skewed, to a large extent following racial lines of division. In terms of average income Namibia is classified as a “lower-middle-income country”, with an estimated GNP per capita of USD 4,054. However, Namibia ranks only 137th out of 173 countries on the basis of the Human Development Index (HDI), which considers infant mortality, life expectancy and adult literacy (UNDP 1998). Only four countries in the world show a higher negative discrepancy between GNP and HDI. A major problem facing the country is the high rate of adult illiteracy, and lack of skilled, educated and experienced Namibians. Some key socio-economic indicators are given in Table 11.

Table 11. Key Socio-economic Indicators for Namibia (1997)

Indicator	Namibia
Population	1.7 million
GDP per Capita	USD 4,054
Aid as % of GDP	5.2 %
Life expectancy at birth	55 yr.
Adult literacy	76%

Source: EIU (1998): Country Report – Namibia, Botswana and Swaziland. London: Economist Intelligence Unit

One of the major imbalances in the society emerging has been the large size and inefficiency of the public sector, coupled with a small but strong private sector. An important part of the private sector is the consulting industry. South African companies, employing either South Africans or Namibian professionals dominate the industry. With the legacy of apartheid, the latter are normally white with their education from South Africa. Large international consulting companies (incl. Price Waterhouse and Coopers and Lybrand) are also represented in the country, normally as subsidiaries to a regional head office in South Africa. There is only a limited local Namibian consulting industry, mainly in engineering and accounting (Burmeister and Partners, Serpack, Namibia Resource Centre, Trendline, Robin Shareborn, Urban Dynamics). No easily accessible official record exists of the number of consulting companies and consultants in Namibia, but some donors use around 30 different consulting companies in their work. Moreover, the consulting activities are large enough to support a weekly tender bulletin (“Tender

Bulletin. Building a Better Namibia with News that Means Business”).

The University of Namibia (UNAM) and other research institutions have so far not been very involved in consulting. On the one hand, the departments traditionally feeding the consulting industry are weak (such as economics and engineering) or non-existing (such as architecture). On the other, consulting has not been given much attention in the efforts to build up tertiary education in post-independence Namibia. There is also a limited number of independent research-based institutions doing consultancies.

4.2.2 Universities and Consulting

Immediately after Independence, the Government adopted a Constitution which gives strong emphasis to education. The constitutional provision was found necessary as a means of correcting the inherited imbalances in education and training created under the apartheid government. In 1997 the total recurrent costs for education constituted some 25% of public expendi-

tures, which is high in any context. The recurrent costs for primary education represent around 51%, for secondary education 32%, and for tertiary education 17% of the budget. In 1995/96 donor resources financed around 50% of the educational expenses, but the proportion of external funding is likely to decline considerably in the years to come (GON 1998).

Tertiary education in Namibia is administered through the Ministry of Higher Education, and provided by the University of Namibia, and the Polytechnic of Namibia. There are also four teacher education colleges, and three colleges of agriculture that are less relevant for the issue of consulting.

The University of Namibia (UNAM) currently has a teaching staff of 300 and 3500 students. The total recurrent cost (1997) is N\$ 85.6 million, making the per unit cost for students N\$ 24,457. The University has the following faculties (1997 enrolment in parentheses): Agriculture and Natural Sciences (69), Economics and Management Science (651), Education (780), Humanities and Social Sciences (390), Law (89), Medical and Health Sciences (533), and Science (298). Most faculties only offer a Bachelor Degree, with only one Faculty offering a Masters Degree. In addition to its faculties and departments, UNAM has established several centers of higher learning. These include the Center for Visual and Performing Arts, the Language Center, the Computer and Information Technology Center, and the Multidisciplinary Research Center.

The key challenges for the university, as expressed in its Mission Statement, are primarily related to enhancement of the quality of research and teaching and promotion of local capacity building (UNAM 1998a). However, it is also specifically stated that UNAM shall i) step up research, consultancy and external services to society and ii) promote and strengthen linkages with various government ministries and the private sector in order for them to benefit from the high level expertise available at the university.

The salary and working conditions at UNAM are favorable after Southern African standards. Salary rates for senior researchers range from N\$ 102,900-135,900, for researchers from N\$ 85,000-111,000 and for junior researchers from N\$ 73,000-94,000. Benefits and insurance comes in addition. UNAM currently attracts a number of professors and teachers particularly from the Southern African region. 70% of the staff are foreigners.

Despite favorable funding and remuneration, a few Faculties have staff members taking part in consultan-

cies. The consulting activities have taken place primarily on an individual basis, and there have been no written rules and regulations regarding external income generating activities²⁷. In practice, moreover, no funds have been channeled back to the university and its departments. Consulting has consequently been considered a problem by most faculties and departments, with negative implications for research, teaching and staff morale.

The Multi-Disciplinary Research Centre (MRC) has been an exception to the rule. The Center was established in 1994, with the specific task of carrying out applied research and consultancies. MRC is divided into three divisions, with the Social Sciences Division (SSD) as the largest one. The two other divisions are the Science and Technology Division and the Life Sciences Division. SSD has centered its work around an Urban Research Program, a Rural Poverty and Resources Program and a Gender Research Program. The Centre has its own staff of 28 of which 15 are researchers, but draws on staff from the various departments for specific projects.

MRC is largely self-funded, and thus constitutes a different model for managing university-based consulting than the one discussed from the Faculty of Agriculture at Universidade Eduardo Mondlane. The university is paying the salary for only six of MRC's staff complement of 28. Thus close to 80% of the staff are funded through external sources. Turnover in 1997 was N\$ 2,416,000. The bulk of the external funding (60%) comes from short-term consulting activities, of which around 50% is done for government agencies and 50% for foreign donors.²⁸ The latter include Sida, NORAD, GTZ, EU and several UN agencies.

For consultancies done by staff attached to MRC, 40-50% of the fees is retained by the Division, 15% by MRC and 35-45% by the individual researcher. The charge-out rate for a senior researcher is N\$ 1300, for a researcher N\$ 800 and for a junior researcher N\$ 600 per day. In addition, the University mandates an administrative overhead of 15% of all costs in a given project. This is competitive compared with other research-based consulting institutions in Namibia, but lower than the private consulting business. A main concern of SSD is that consultancies tend to be relatively small and limited in scope, and SSD is hardly ever involved in competition or collaboration with the international consulting industry.

27. A "rule of thumb" has stated that permanent staff can do 30 days of consultancies without losing salary and benefits.

28. The Division also receives core funding for its research programs, mainly from the Dutch Government (the Gender Programme) and NORAD (the Urban Programme).

An important part of MRC is its staff development program. In an effort to produce Namibians with skills in consulting work, the MRC recruits third and fourth year students from various departments at UNAM to work as student interns. The Division normally has between 10-15 such interns. In addition to "hands on" work in consultancies, they receive instruction in project design, data analysis, writing and report presentation (MRC 1994, 1998). During vacations student interns work either on projects of their own choosing, or on commissioned projects with senior staff members.

Upon graduation, student interns who show promise are hired as junior researchers. They are given a three-year contract with the expectation that they will successfully enroll in a graduate program. Junior researchers are given more responsibilities, and are expected to publish. Once they have obtained a Masters Degree, he or she has a number of options available including absorption into faculties at UNAM or work in government or the private sector.²⁹ Those who show particular aptitude towards consulting work are hired into the MRC as researchers.

MRC has been relatively successful as a university-based consulting unit. One reason for this is the constructive use of senior expatriate researchers. During the first two years of MRC's existence, three expatriates were employed to help build up the Division by working closely with the Namibian Head of Division and senior Namibian colleagues. Since 1995, the staff has been Namibian. Another reason has been the emphasis on training. With the Staff Development Program, recruitment of qualified young Namibian researchers has been secured, and it has been a deliberate policy to establish consulting teams of both senior and junior staff. A third factor has been the emphasis on support structures. Accounting, administration and data processing within the MRC have been of high standard and secured effective implementation of consulting projects. The most problematic aspect of the development of the Division has been the limited involvement of the MRC/SSD in the University at large. However, this has steadily improved as SSD staff has taken increasing part in university organizations and teaching, and drawn on other UNAM staff members for projects.

UNAM on its part has acknowledged the importance of consulting as a source of income for the university and its staff, and as a way of retaining its senior staff. In cooperation with MRC, the university management has recently drafted a University Consultancy Policy

and taken initiatives to establish a separate Consultancy Coordinating Unit (CCU) (UNAM 1998b). The policy states that individuals involved in consultancy work shall do so without detrimental effects to their primary research, teaching and administrative responsibilities. The general objectives of the CCU are: i) to increase the accessibility of contracted research and consultancies for university and its staff; ii) to effectively coordinate contracted research and consultancies; iii) to support researchers in applying their academic and professional abilities to practical problems, and iv) to implement training programs in consulting.

The status of CCU shall be equivalent to a division in MRC, and headed by a Bureau Director who will be supervised by the Director of MRC on the day to day running of the unit. A Board consisting of deans and directors will monitor the progress of the consultancy work. CCU will administer all consultancies done by university staff and check and assess the quality of all reports to ensure high standard. As regards remuneration, fees for projects will be divided with 70-80% to the individual consultants, and the remainder equally divided between the university, the faculty, the department and CCU.

It remains to be seen how effective the Consultancy Coordinating Unit will be. The main challenge is to balance teaching, research and consulting, and make the university staff sufficiently professional in consulting to challenge the existing consulting market. This will require not only training of academic staff in project implementation, but also professionalization of support structures including administration, financial management and public relations. The UNAM management foresees that income from consulting will represent as much as 20-30% of its budget within a few years.

The *Polytechnic of Namibia* was established in 1995, and offers technically oriented and vocational training. The enrolment in 1997 was 2 511, and the average graduation level is certificate (one or two years) or diploma (usually three years). The Polytechnic has not been involved in consultancies to any significant extent, but is likely to become more involved as public finances will decrease. With courses in Engineering Technology, Accounting and Information and Management and Administration, moreover, a number of students are likely to work as consultants once they graduate.

Two independent research based institutions in Namibia are also involved in consulting. The *Namibia Economic Policy Research Unit (NEPRU)* was established in 1990, with the main objective being to assist

29. A recent poll of young Namibians who have left the MRC showed that six had achieved the level of Director or above in Government.

the government in policy formulation and decision making in strategic economic and socio-economic areas. NEPRU has a staff of 22, and is funded through a combination of consultancies (making up 50% of the income), a core grant from the African Capacity Building Foundation, and research grants. Most of the consultancies are done for Government (Ministries and the National Planning Commission), but the institution also works for donor agencies. Even though NEPRU has sufficient employment (about one consultancy offer is turned down for each one accepted), they argue that tenders for larger projects tend to bypass the institution. There have been attempts to organize larger units in order to meet the external competition, both between Namibian institutions and with other ACBF institutions in the region. However, this has so far not been successful.

The *Desert Research Foundation of Namibia* (DRFN) is a non-government organization, with a staff of 60 including volunteers and associates. Most of the staff have an academic background, and education and training programs are an important part of DRFN’s activities. The organization is working with community-based programs, environmental impact assessments, and environmental education and awareness. Project budgets total in excess of N\$ 10 million. As other similar institutions in Africa, DRFN has become increasingly dependent on consultancy work, and has

established a separate unit called “Environmental Evaluation Associates of Namibia” (EEAN). In addition to the financial aspect, the organization considers consultancies to be an important way of influencing environmental policies in Namibia and to ensure that their research is relevant. DRFN has carried out consultancies for a number of government and donor agencies, and the senior staff currently spends 20-40% of their time on this type of work. Most of the consultancy work is done for government (often with foreign funding), and DRFN is normally the main consultant. Consultancies for foreign donors are often more limited in scope, and the institution tends to be sub-contracted or given a marginal role. They have never been involved in tenders where there has been a real competition between external consultants and themselves.³⁰

The research-based consulting institutions in Namibia generally argue in favor of a stronger involvement in consulting, but also acknowledge that there is room for improving their own competence and capacity. Their own perceptions of training needs are listed in Table 12.

30. The large Epupa feasibility study financed by Sweden and Norway is cited as an example of a project dominated by foreign consultants also in areas where Namibia has the necessary expertise.

Table 12. *Perceptions of Training Needs, Namibia*

Training Need	Importance*
Improved access to information about upcoming consultancies	4.4
Costing and financial management	3.3
Contract negotiations	3.2
Implementation of assignments	2.6
Report writing and editing	3.3
Access to equipment and tools	2.7

Source: *Survey for the study “African Consultants in Nordic and Canadian Development Aid”*. * Respondents were asked to indicate degree of importance on a scale from 1 (“Not important”) to 5 (“Essential”). The figures represent average scores. See also Appendix 3.

4.2.3 Local Consultants in Nordic and Canadian Development Aid

Canada, Denmark, Norway and Sweden were all involved in development aid in Namibia during the period of transition after Independence in 1990. While Canada and Danida closed their representations in 1995, Norway and Sweden have retained a consider-

able involvement.³¹ Table 13 shows the current size of the Norwegian and Swedish aid programs.

31. Norway closed its Embassy in 1997, but has a NORAD representative in the country. From 1999, Norwegian aid to Namibia will be administered from the Norwegian Embassy in South Africa.

Table 13: *Size and Areas of Focus of Norwegian and Swedish Aid Programs in Namibia*

Budget/sector	Norway	Sweden
Budget 97*	83.6	110.3
Sector 1	Fishing	Infrastructure
Sector 2	Energy	Social sectors
Sector 3	Infrastructure	Democracy

Sources: Annual Reports * National currency in millions

The programs concentrate on a limited number of key economic and social sectors. Both energy and fisheries (Norway) and education and public administration (Sweden) are implemented through twinning agreements with institutions in the donor country.

The representations are aware of the policy directives regarding the use of local consultants, but argue that it is necessary to take a pragmatic approach to these issues. The competence and capacity of the local consultancy base should determine the extent to which local consultants are used. It should also determine the extent to which the recipient institutions seek support from donor and twinning institutions in recruitment of consultants. Moreover, local consultants are seen as more relevant in some phases of projects (preparation and implementation) than others (monitoring and evaluations). The donors see the importance of using local consultants as part of capacity building, but argue against “positive discrimination” involving consultants who are not sufficiently qualified.

The general perception of the donor agencies is that the local Namibian consulting base is strong, but dominated by international (including South African) companies and national companies with a narrow recruitment base. There are few “local local” companies, as one informant put it. Despite the competence and capacity of both the recipient institutions and the local consulting industry, NORAD and Sida are normally involved in the selection process either directly or by sanctioning proposals from the recipient or partner organization.

Sida in particular makes extensive use of local consultants, especially in their transport sector projects. Consultancies for projects of a total value of more than SEK 1 million (or personnel costs of more than SEK 200,000) are to be administered by Sida Stockholm. For smaller projects where consultants are to be recruited locally, tenders are normally used, except for projects with fees of less than N\$ 30,000 where consultants are employed directly. Altogether 30 compa-

nies and individual consultants have been contracted for projects in the transportation sector, and international companies do most of the work with a local office (including Deloitte and Touche). In education and public administration, twinning is used extensively, and the use of local consultants not related to the partner institution is limited. Local consultants are more common in the “soft” parts of the program including democracy, human rights and gender.

NORAD employs local consultants to a relatively large extent, and tends to use a long established network of local consultants. Tenders are not commonly used. Also in the NORAD case, the consultants tend to be employed by international companies or be from the “white” local companies. The standard of reports etc. from the companies is generally considered to be high. Consultants employed through twinning arrangements between a Norwegian organization and their partner in Namibia are often from Norway. The Norwegian twinning institutions have limited knowledge of the local or regional consulting base and argue that recruitment from the twinning organization is part of the concept of twinning.

Neither of the two donor organizations perceives universities as a particularly relevant procurement source for local consultants. They do not know enough about the existing resource base to use university-based local consultants more extensively. In addition, the limited experience they have had with consultants from the university is not entirely positive. While these consultants may produce interesting reports, there are often problems with timely delivery, relevance and financial management. The donors have more positive impressions of and relations with the smaller independent institutions (NEPRU and DRFN), but argue that in these cases as well it is difficult to have work done on short notice and within the timeframe stipulated.

Other donors, including EU, GTZ and UNDP largely share the generally negative impression of universities as a source of local consultants. Their knowledge of

the university-based consulting capacity is limited, and they tend to use individuals they already know or private consulting companies. None of them has developed separate rosters or other systems of registration and identification of local consultants. UNDP Namibia has a folder on the recruitment of local, regional and international consultants, specifying recruitment procedures, rates and formal qualifications. GTZ on its part has found that local consultants are overrated both in terms of quality and price, and has deliberately started to extend the search for “local” consultants to neighboring countries (mainly South Africa and Zimbabwe).

Government institutions in Namibia use consultants to a considerable extent and emphasize the importance of using the local resource base. However, in practice there is still a strong perception that “proper” consultants are European or North American. Moreover, given the white domination of the local consulting industry, the government (dominated by non-whites) often prefers to use foreign consultants. There are, however, several examples where government has contacted local consultants at a later stage in a project cycle when they experience problems with international consultants.

The private consulting companies argue that they are involved in a number of projects, and the Namibian consulting industry is developing in a positive direction. As they see it, the main problem is that they are not sufficiently involved in larger projects or projects in the Southern African region. Tenders for such projects are often not advertised in Namibia, and local consultants are engaged only as sub-contractors to larger international companies for more marginal tasks.

The University of Namibia and other research institutions argue that they should play a stronger role in the consulting industry. While they feel that their limited involvement has to do with a lack of knowledge about the services they can offer both to government and donors, they also acknowledge that there is room for improving their own competence and capacity.

4.3 Preferred Interventions

The research-based consulting institutions in Mozambique and Namibia have indicated their own preferences for support from Nordic and Canadian aid organizations, as these appear in Table 14 below.

Table 14: Preferred Interventions, Mozambique and Namibia

Type of Intervention	Importance*
Set up system of <i>certification</i> of consultants	3.8
Set up system of <i>liability insurance</i> to secure quality	2.9
Set up <i>national associations</i> of consulting institutions	4.3
Set up <i>partnerships</i> with consulting institutions in the North	4.3
Set up systems of <i>registration</i> to secure access to tenders	4.5
Set up <i>reference offices</i> for clients to consult	3.4
Set up <i>training facilities</i> in consulting	3.5

Source: Survey for the study “African Consultants in Nordic and Canadian Development Aid”. * Respondents were asked to indicate degree of importance on a scale from 1 (“Not important”) to 5 (“Essential”). The figures represent average scores. See also Appendix 3.

The main preferences can be summed up as i) support to form associations and partnerships to become stronger consulting units, ii) support to establish registra-

tion and reference offices to improve access to consultancies, and iii) support to training and improvement of competence in consulting.

5. Conclusions and Recommendations

5.1 Conclusions

The case studies from Mozambique and Namibia highlight the importance of the local consulting industry, the donor agencies' policies in regards to the utilization of local consultants, and the strengths and weaknesses of consulting at the universities and research institutions in the two countries.

- i) Universities recognize that their key priorities must be teaching and research, but consulting is seen as increasingly important to enhance the relevance of research for development and to expand the financial base of the institutions. The case studies show that, with supporting policies and management, consulting may be incorporated into the universities in ways that yield both professional and economic benefits. Without proper policies and management, however, consulting tends to remain an individual enterprise with negative effects for teaching and research due to high absentee-rates and different opportunities for staff.
- ii) The Nordic and Canadian aid organizations share a general policy of using local consultants in order to enhance the quality of projects and support capacity building. However, in practice the utilization of local consultants varies considerably. The donor countries remain an important procurement source, and the use of local consultants does not only vary with the local consulting base but also with the knowledge and attitude of the donors themselves. Local procurement tends to be through personal networks and rarely through tenders. University-based consultants are considered inexpensive, but not particularly competent or relevant.
- iii) The enhancement of consulting capacity is not an important part of research cooperation programs implemented by donor agencies. The main emphasis in these programs is on university management, individual capacity building through study grants, and research through cooperation with academic institutions in the donor countries. Recent policy changes aimed at incorporating development of consulting capacity into research programs have so far not been implemented at the project level.
- iv) Universities train most of the local consultants working in local consulting companies, but university-based consulting has a number of weaknesses: It tends to be badly managed,

individualized and fragmented and unable to fulfill key conditions of quality, relevance and timely delivery. In cases where consulting is managed within coherent and constructive policies and organizational structures, it tends to be innovative, cost-effective and with positive implications for project output as well as for teaching and research. The main challenge for university-based consulting is to find a constructive balance between teaching and research, as the primary activity, and consulting.

5.2 Recommendations

5.2.1 Universities

- 1 As consulting *de facto* takes place at most universities and research institutions, management of the organizations should develop policies that support it rather than treat it as a disintegrated part of the institutions.
2. University-based consulting should be organized around special units with core administrative and professional staff (who can draw on other university staff for concrete projects), rather than as integral parts of faculties and departments.
3. Quality and relevance should be ensured by reserving the right to do consultancies for senior, experienced staff only. Junior staff and students would participate under supervision of senior colleagues.
4. Special courses in consulting should be made available to the staff directly involved, as well as junior staff planning to involve themselves in consulting.
5. With primarily senior staff involved, fees and allowances should follow market rates in order to ensure maximum benefits for the institutions and reduce the time spent on consultancies by making it easier to reach income targets.
6. Simple and transparent regulations need to be established regarding the distribution of income from consultancies among the university, faculty, consulting unit and individual staff.
7. The percentage of income going to individual staff should be made sufficiently high to avoid brain drain to private consulting companies. The

percentage going to the consulting unit, faculty and university should also benefit staff not involved in consultancies.

8. Universities should enhance the status of consulting by insisting on publishing reports and other outputs in separate university-based applied research publication series.
9. Universities should improve their public relations with clients, by presenting their policies, contractual conditions and capacity in presentable and easily accessible ways.

5.2.2 Aid organizations

1. Because existing practices regarding the selection and employment of consultants tend to deviate from policies and regulations, efforts should be made to make the policies and regulations better known at the Head Offices and Representations, in the form of easily accessible handbooks.
2. Donors should increase the use of local consultants, based on arguments of quality and relevance of projects as well as local capacity building. A system should be developed in which active involvement of local consultants should be encouraged when awarding consultancy contracts.
3. Donors should develop guidelines for the use of local consultants by their partners in cooperation (public institutions, NGOs, private enterprises), again with reference to quality, relevance and local capacity building.
4. Donors should set up systems of registration of local consulting companies and individual consultants, in order to enhance their own knowledge of the existing local consulting base.
5. Donors should make more active use of tenders in the countries of cooperation, with options for positively discriminating in favor of local consulting companies and consultants.
6. Donors should recruit university-based consultants through the relevant university institution, and not on an individual basis.

5.2.3 Research Support Programs

Improving consulting capacity should be made part of donor-funded research cooperation programs. Possible initiatives are:

1. Support to the development of management skills in consulting services at universities and university-based consulting units in Africa.

Rationale: The report has shown that many universities have not been able to manage the consulting activities taking place, with the result that the institutions do not increase their income and research and teaching are negatively affected. The case studies show that it is possible to organize consulting services in a constructive way, and that this is best done by establishing separate units within universities with a special mandate for this type of work.

Intervention: Universities involved in Nordic and Canadian research cooperation need support in developing systems of management that will make consulting a constructive part of the university both financially and professionally. To implement this, a resource group/task force consisting of 3-5 applied researchers from the Nordic countries and Canada should be established. Donors and research cooperation programs in the four countries should use the resource group for studies to ascertain the impact of consulting services before research programs are initiated, or to support the establishment of consulting management systems and/or consulting units.

2. Support to the development of consulting skills at universities and research institutions.

Rationale: The report has shown that despite good formal qualifications, many university academics lack skills in consulting. These include skills in costing and financial management, contract negotiations, project implementation, report writing, as well as public relations.

Intervention: A course in consulting should be developed by the task force/resource group mentioned above or by applied research institutions with experience in consulting. It should be offered as part of the research cooperation programs that the Nordic and Canadian development organizations are involved in. The course should include issues like costing and financial management; contract negotiations; report writing and editing; and public relations.

3. Support to the establishment of partnerships/twinning agreements between university-based consulting units in the South and applied research institutions in the North.

Rationale: The report has emphasized that good consulting skills are not only a question of formal education and training, but of experience and an understanding of the requirements of the client. Many university-based consulting units in Africa

are not in a position to establish relations with more developed institutions in the North without assistance from donors.

Intervention. Twinning has become an important strategy in development cooperation. Institutional cooperation of this type is seen to provide the recipient with a broad range of competence

and services through a sister institution with a comparable mandate. A limited number of consulting units at universities supported by the Nordic and Canadian aid organizations should be selected to establish links with relevant institutions in the North in order to enhance their competence through on the job training and cooperation in consultancy assignments.

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* CIDA does not currently publish Annual Reports in printed versions.

Appendix 1: List of People Met

Mozambique

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Namibia

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Appendix 2. Terms of Reference

“African Consultants in Nordic and Canadian Development Aid” International Development Research Centre (IDRC) Chr. Michelsen Institute (CMI)

Introduction

Utilization of local African professionals in consulting has been the subject of much concern and several studies. While stakeholders both in the North and in Africa consider the use of local consultants important, in practice their roles have often been limited to non-critical assignments in the project cycle. Moreover, local governments remain a much more important client for the local consultant industry than international organizations. For the latter, African consultants are still perceived as representing a higher degree of risk than non-Africans.

The International Development Research Centre (IDRC), the Canadian International Development Agency (CIDA) and the Swedish International Development Authority (SIDA) initiated a set of studies in 1995 to look into the issue of African professionals in consulting, motivated by the following concerns:

- Development of a strong indigenous consulting industry, as part of a broader emphasis on *capacity building*, would critically support current attempts to strengthen public administration in many African countries.
- Development projects and studies would benefit considerably from the presence of a strong local consulting industry.
- Over time, a strengthened local consulting industry would also contribute to the growth of a vibrant private sector.
- In addition, the three agencies were concerned about the decline of universities and national research centers in Africa. While they acknowledged the importance of including researchers in consulting, they were also concerned about its feasibility and potentially negative impact on teaching and research.

The first report (Dufour et al. 1995. *Utilizing African Professionals in Consulting*. Ottawa: International Development Research Centre) focused on private consulting firms and (to a lesser extent) on research

institutions. Information and data were collected from Kenya, Zimbabwe and South Africa, and included broader quantitative assessments of the use of local consultants and discussions of alternative interventions. The study revealed that even if overall African participation in consulting was not insignificant in percentage terms, it was disproportionately low in roles and services that are central to the consulting process and that have a determining effect over an individual consultant's income, visibility, future work opportunities and career path.

A second report (Lavoie and Razanadrakoto 1997. *Utilization of African Consultants in West Africa*. Ottawa: International Development Research Centre) focused on the same type of issues using the same methodology in West Africa (Ivory Coast and Burkina Faso). While concluding that local consultants also in West Africa are primarily involved in marginal roles and have problems to make themselves competitive particularly for international consultancies, the study nevertheless finds that local participation in critical roles of projects is higher in West Africa than was found earlier in East Africa (Dufour et.al. 1995).

Both studies discuss strengths and shortcomings of local consultants, as perceived by various types of clients. The most important shortcomings were weaknesses in analytical abilities, absence of comparative knowledge (*global picture*), delays in the delivery of outputs, and weakness in organizational structures making it difficult to *do business* with the local consulting firms. The main strengths identified were empirical knowledge of the local scene and relatively low costs compared with international consultants (although in *strategic —or critical— consulting roles* this is usually not a determining factor for the client).

Finally, the two studies identify possible interventions to promote the use of local consultants by clients (national and international) and donors. These are:

- Set up a system consisting of *certification* of consultants and a professional *liability insurance*.

- Set up a permanent partnership with firms from the North.
- Set up associations with firms from the North on a project-by-project basis.
- Active use of mentors with international recognition.
- Develop systems of registration of local firms to ensure that they are invited to tender for projects
- Set up reference offices on a national basis, easily accessible for clients and partners to consult.

Particular emphasis is given to the option of implementing an *insurance scheme* for consultants, providing a liability coverage for the quality of the work. The insurance scheme would base itself on a system of *certification* of consultants, guaranteeing progressive learning, peer-reviews and quality.

2. The Study

The two studies referred to above yield valuable information on the characteristics of the local consulting industry in Sub-Saharan Africa, and indicate possible interventions. The current study, to be implemented jointly by the International Development Research Center (IDRC) and the Christian Michelsen Institute (CMI) to the Royal Ministry of Foreign Affairs of Norway, represents a third and final report and shall build on the results of work to date. It will be more practical in nature, by focussing on countries and issues relevant for Nordic and Canadian development agencies.

While the first two reports concentrated on the private consulting business, the current study will give additional attention to the role of universities and research institutions in consulting. The focus will be on ways of involving applied researchers in consulting without creating negative effects on teaching and research.

2.1 Objectives

The objective of the study will be to identify relevant practical issues and possible interventions for increasing the involvement of local consultants in Africa for donors who wish to:

- increase their program delivery impact by investing in higher quality analysis, and
- promote the use of local consultants through the strengthening of their capacity particularly in *strategic consulting*.

To do this, the study shall have two main focuses:

- One will be a focus on critical issues from the point of view of African consultants and consulting companies. The report will propose practical means to empower African consultants, to provide them with the missing know-how (especially in terms of standards), and to help them with their image and client contacts. Suggestions will be based on, but not necessarily limited to, the type of interventions identified in the previous reports (see above)
- A second will be a focus on the donor agencies themselves. The report will propose alternative ways of accommodating the use of African consultants in projects and programs initiated by the donor agencies. This will include the process of recruiting study teams, twinning arrangements between institutions in the North and South, issues of remuneration, allocation of time and quality control.

With reference to the objectives, the report shall analyze:

1. the international experiences with African professionals in consulting on the basis of a literature review;
2. the current policies and practices of NORAD, Danida, Sida and CIDA concerning the use of local consultants in the projects they finance or implement;
3. the role of local private consulting businesses on the basis of the two existing reports and additional *best practice* cases from Ivory Coast and Sénégal;
4. the role of universities and research institutions in consulting on the basis of case studies from Mozambique and Namibia (or Botswana);
5. alternative innovations or interventions to promote the use of local consultants, both related to the local consulting industry and the donor organizations themselves.

The structure of the report will be in chapters corresponding to the items listed above.

2.2 Methodology

The study will be carried out through a combination of questionnaire surveys, structured and semi-structured interviews, and literature and report reviews. In addition, local consultants with intimate knowledge of the consulting and research scene in their respective country will be involved.

Possible interventions

Please indicate degree of importance of the following possible interventions to promote the use of local consultants by clients and donors (5=essential; 4= important; 3= useful; 2= secondary importance; 1= not important):

- a) Set up a system of *certification* of consultants
- b) Set up a system of *liability insurance* to secure quality of output
- c) Set up a *national association* of consulting institutions
- d) Set up *partnership* with consulting institutions in the North
- e) Set up *system of registration* to secure access to tenders
- f) Set up a *reference office* for clients to consult
- g) Other (please elaborate) _____

6. Experiences

Please list the 3 most recent consultancies your institution has been involved in, indicating:

Title of project: _____

Client: _____

Main role(s) of your institution: _____

Other consulting institutions involved: _____

Output: _____

