Consultancy for LDC Projects

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How much and what kind of development consulting the industrial states provide for the less developed countries (LDCs) must depend on the structure of the recipient country and the specific needs for advice ensuing from it. Constant consultation on development issues and development programmes for the whole national economy may be wanted or only advice on individual development projects. The two forms are connected insofar as individual projects must dovetail with an overall plan.

The term “Development Consulting” may be defined as “planning and consulting with special application to overseas work” to distinguish it from other kinds of national or international consulting. It ranks among the international services and has many sub-divisions. The technical, economic and management services may each be grouped together; when they are listed separately, it must not be forgotten that they interlock. In project planning the consulting services are related to certain individual objects but even here attention must be given to complementary micro- and macro-economic decisions, especially those concerning programme planning.

Tasks of the Development Consultant

Accordingly development consulting covers a wide range of tasks, as may be illustrated by the following example. An American firm of consulting engineers specialising in irrigation was long ago already searching for ground-water in Iraq, supervising drilling operations on the spot and training Iraqi personnel for the future operation of the installations. This particular job was carried out in three phases — the investigative phase of feasibility studies, the drilling phase when wells were bored, pumps installed, etc., and the continuing phase when a watch was kept on results and the geology department was reorganised. Consulting services were provided during all three phases.

The work of German consulting firms on jobs undertaken by them similarly covers three phases — pre-investment (planning), investment (execution), post-investment (operation). Whether consulting services are rendered during one or all three phases varies from case to case according to the contractual arrangements with the client and depends chiefly on the particular nature of the project and the client’s ability to draw on experts of his own.

Pre-Investment and Investment Phases

It is easy to understand why the demand for consulting services has increased in line with the growing importance of the first phase. Planned investment requires feasibility studies to make sure that the production fits in with the needs of the market. Where no adequate feasibility studies were undertaken, errors and miscalculations in investment have often spelled ruin for development projects, and there will be more such cases. But sensational stories of snow-ploughs being shipped to Africa, of impoverished peasants being supplied with chemical fertilisers, of cement works being built without any technical investigation and consumer goods being manufactured without knowledge or appreciation of consumers’ habits are not sufficient reason for denouncing all development work. The mishaps which have occurred rather point to a need for consulting services of a high order in the first phase when the basic data for determining and deciding on a project are assembled and scientifically examined to establish the feasibility of the project. Detailed regional and sector analysis is here no less important than correct market appraisal and unit-size assessment. The project scale must match the project objective, which may create problems where the minimum technical-economic capacity

3 Cf. Mitgliederverzeichnis des Verbands unabhängiger beratender Ingenieurfirmen (List of members of the Association of Independent Consulting Engineering Firms), 1971, p. 84, concerning Gesellschaft für Organisation, Planung und Ausbildung mbH (Society for Organisation, Planning and Training) — GOPA, Bad Homburg.
cannot yet be sustained by the narrow market of the LDC.

In the second phase of the development project the all-important question for the consultant is how the planned investment can be carried out, i.e. how the aim is to be achieved. Tenders for the construction of the plant must be invited and, when received, assessed; contracts must be placed with the firms whose bids seem to be most advantageous. It is important that staff of the consulting firm are brought into the contract negotiations, and it is advisable that such staff also help to draft the contract. LDCs will be well advised to avail themselves of such help. They may save millions in some cases, e.g. if it can be found out in time that a bid, though suiting the supplier very well, gives scant regard to the needs of the LDC. The second phase does not close until the plant has been built; it thus covers the whole time from the planning of the investment up to the handing-over of the completed plant, including the supervision of any trial runs required.

Post-Investment Consulting

The investment phase is succeeded by the third phase during which the consultant provides technical and commercial advice on management and specialised subjects. It should be taken for granted that new plants are handed over only to trained personnel of the country which is being given development aid, and that obviously means that native personnel must receive training in the running of advanced aggregates.

In dissimilar countries this training may take entirely different forms as the degree of expertise in LDCs covers the whole gamut from the least developed states to those on the threshold of industrialisation — from Mali, Uganda and Afghanistan to countries like Korea, Iran and Brazil. In the list of the LDCs the least advanced 25 have been determined by three criteria (which are not regarded as final) — a GDP per head of population of US$ 100 or less, a share of industrial production in total GDP of 10 p.c. or less, and a literacy rate among those over 15 years of age of 20 p.c. or less. It is meaning and purpose of this classification to single out countries for favoured development aid treatment on special terms.

The wide range of countries covered by development aid shows what a large variety of tasks is facing the consultant and in particular how indispensable for successful consulting is the ability of personal involvement and sensibility. "To be able to assist and advise, foreigners must not only know their subject but have the ability to fit into a different culture, to persevere patiently and to gain the trust of native collaborators. Consulting in the third phase includes giving counsel on day-to-day economic questions. In the case of export promotion projects a point must be made of the need for high quality, regularity and punctuality in effecting delivery if the enterprise is to take its place successfully as a partner in the international division of labour. The administration of the aid is the concern of development banks and ordinary commercial banks.

Specialised Tasks

Among the sections of the economy which can make use of development consulting services are industry, crafts, small-scale manufacture, development authorities, development and regional planning offices, transport, tourism, agriculture, forestry and timber trade, fisheries as well as education (through analyses of training requirements and the conception, organisation, establishment and direction of vocational training centres). Big consulting organisations with large staffs of qualified scientific and technical assistants and specialists for particular projects are covering all these various fields on a world-wide scale on behalf of governments, state and private enterprises and international organisations.

Under the heading of "development authorities" fall ad-hoc consulting services to development banks, industrial research institutes, government departments concerned with planning, development and economic affairs and the authorities which attend to common markets. There is an overlap here between independent consulting firms and scientific research institutes, of which the African Study Centre of the Ifo — Institut für Wirtschaftsforschung (Ifo — Institute for Economic Research) in Munich may be mentioned as an example.

Objective Information and Advice

The suitability of the two alternative commercial forms of consulting for foreign countries — namely, by an independent firm of consultants operating on its own or by the planning and design section of a supplier — has been the subject of

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5 Kapferer, ibid., p. 53.
6 Cf. GOPA, ibid.
7 Cf. Schnittger and Lübbecke, Entwicklungspolitik und Entwicklungsförderung in Uganda (Development planning and development finance in Uganda), Hans Reicht, Industrieplanung in Uganda (Industrial planning in Uganda), both issued by Afrika-Studienstelle (African Studies Centre) of the Ifo-Institut für Wirtschaftsforschung (Ifo Institute for Economic Research), Munich; and Wilhelm Marquard, Wirtschafts- und sozialwissenschaftliche Feldforschung in Entwicklungsländern (Economic and social field studies in developing countries), Ifo-Studien (Ifo Studies), 1972, No. 2.