

Consulting Engineers and the World Bank

In its many dealings with consulting engineers, the Bank has no fixed list of firms; it is always on the lookout for new talent.

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BOTH THE WORLD BANK and its affiliate, the International Development Association (IDA), appear frequently in the news. Usually, this is because one of them has agreed to finance a project, such as electric power development in Guatemala, highway construction in Nigeria, or an irrigation project in Pakistan. Occasionally an article appears describing a project that has been completed, or enlarging on the benefits it has brought. News features or stories of this kind represent the main public appearances of the Bank and are an essential part of the record. From the point of view of the intellectually curious, however, they are unsatisfying. They do not show how the wheels go round. Who designs and manages the construction of the electric power station? Who carries out the transportation study that results in the highway project? Who makes the feasibility study for the irrigation project?

Often—the answer is—these tasks are carried out by consultants. The Bank and its borrowers need from time to time to employ a great variety of consultants: economists, specialists in management, architects, agriculturalists, hydrologists, geologists, educators, and many others. The consultants most frequently called

in are, however, engineers, particularly firms of consulting engineers.

Consultants are not employed in connection with every project financed by the Bank. Sometimes the project is carried out by a borrower who is well equipped with the necessary engineering talent. But the majority of the Bank's borrowers need help from consultants, and frequently the Bank stipulates that they are to be employed as a condition for its financing. The aggregate amount of contracts awarded to engineering consultants in connection with projects financed by the Bank and IDA is large—of the order of \$50-100 million a year. It is not surprising, then, that the policies and procedures of the Bank with respect to the employment of consultants are matters of deep concern to consultants the world around, and that competition for such work is keen.

The Consultants' Role

Consultants are employed to design and supervise the construction of the projects the Bank finances, to make sector studies (e.g., transportation surveys), and to prepare feasibility reports on projects when the Bank

makes grants for these purposes to its member countries or acts as executing agent for the United Nations Special Fund. They are not normally employed by the Bank to appraise or supervise the construction of projects, these functions being usually carried out by the Bank's own staff.

When the work to be done is paid for by the Bank as technical assistance, or when the Bank is acting as executing agent for the United Nations Special Fund, the consultant to be employed is selected by the Bank in agreement with the country which is to benefit by the services. When the work is for a borrower on a project financed by a loan, it is the borrower's responsibility to find the right kind of consultant and obtain the Bank's approval.

Whether the services of consulting firms are paid for by the Bank (either directly or as agent for the Special Fund) or are paid by the Bank's borrowers, the main objective governing their selection is to ensure that the technical skills employed will meet all requirements.

How They Are Selected

In order to select consultants, and to approve its borrowers' selection, the Bank must have available for reference a store of information about consulting firms likely to be employed. Accordingly, an extensive filing system has been established, which contains information about the organization of consulting firms, the kinds of work they have specialized in, and the experiences and qualifications of their partners and permanent staff. Since many misunderstandings have arisen about this information which the Bank maintains, it should be clearly understood that it does not consist of a list or register of firms approved for work on Bank

projects. There is no such list. No attempt is made to sort the sheep from the goats, to separate large firms from small, or to establish ratings of excellence; any firm of a member country or Switzerland wishing to be included is welcome.

When the work to be done is financed by the Bank or the United Nations Special Fund, the first step is the preparation of an invitation to submit proposals containing, among other things, an outline of the duties and responsibilities of the consultants. The Bank then carries out a review of consultants with experience and established reputation for skill and proficiency in the field in question. While many consulting firms throughout the world may be considered, only a few are selected and asked to submit proposals. It would be self-defeating to invite a large number of proposals, since each consultant would realize that his chance of selection in a large field would be small and he would be reluctant or even unwilling to expend the time and the money necessary to prepare a good proposal. On the other hand, over a period of time, and as the number of projects handled by the Bank multiplies, it is planned to invite proposals from a continually increasing number of well-qualified consultants throughout the world.

When all proposals relating to an individual project have been received, they are evaluated. The Bank has to consider very carefully the proposed plan of work, the amount of time to be devoted to the job by the firm's principals, and the qualifications and experience of those who are to spend full time on the job. The abilities of these full-time people are particularly important, since it is they who will carry the primary responsibility for the study.

Special attention is paid to the scope of the proposal. Do its points cover fully the various terms of reference, and particularly those which deal with the economic and financial studies? Experience has shown that many consulting firms are relatively weak in these fields.

A firm may, of course, meet all the other requirements and yet have so much other work in hand that it cannot start the Bank's work quickly and carry it forward uninterruptedly to a conclusion. It may be desirable sometimes to engage a consortium of two or more firms, often from different countries.

While the cost of the study may play a part in the decision, it should have less influence than many of the other factors. The best qualified firm, having been chosen tentatively, is asked to submit a financial proposal, and is then interviewed to determine whether the terms of its offer appear to be reasonable or not. The purpose of this final negotiation is not to obtain the lowest possible cost but to ensure reasonableness of the cost and the firm's ability to perform in consonance with it.

The description of the work to be performed and the selection of consultants are not matters for the Bank alone. They are very much the concern of the country where the study is to be carried out, and the Bank keeps in close touch with officials in that country. The resulting contract is usually signed by the government of the country and the consultants, after clearance with the Bank.

When the Bill Is Paid by the Borrower

When the bill is going to be paid by one of the Bank's borrowers for services to be rendered in connection with a Bank-financed proj-

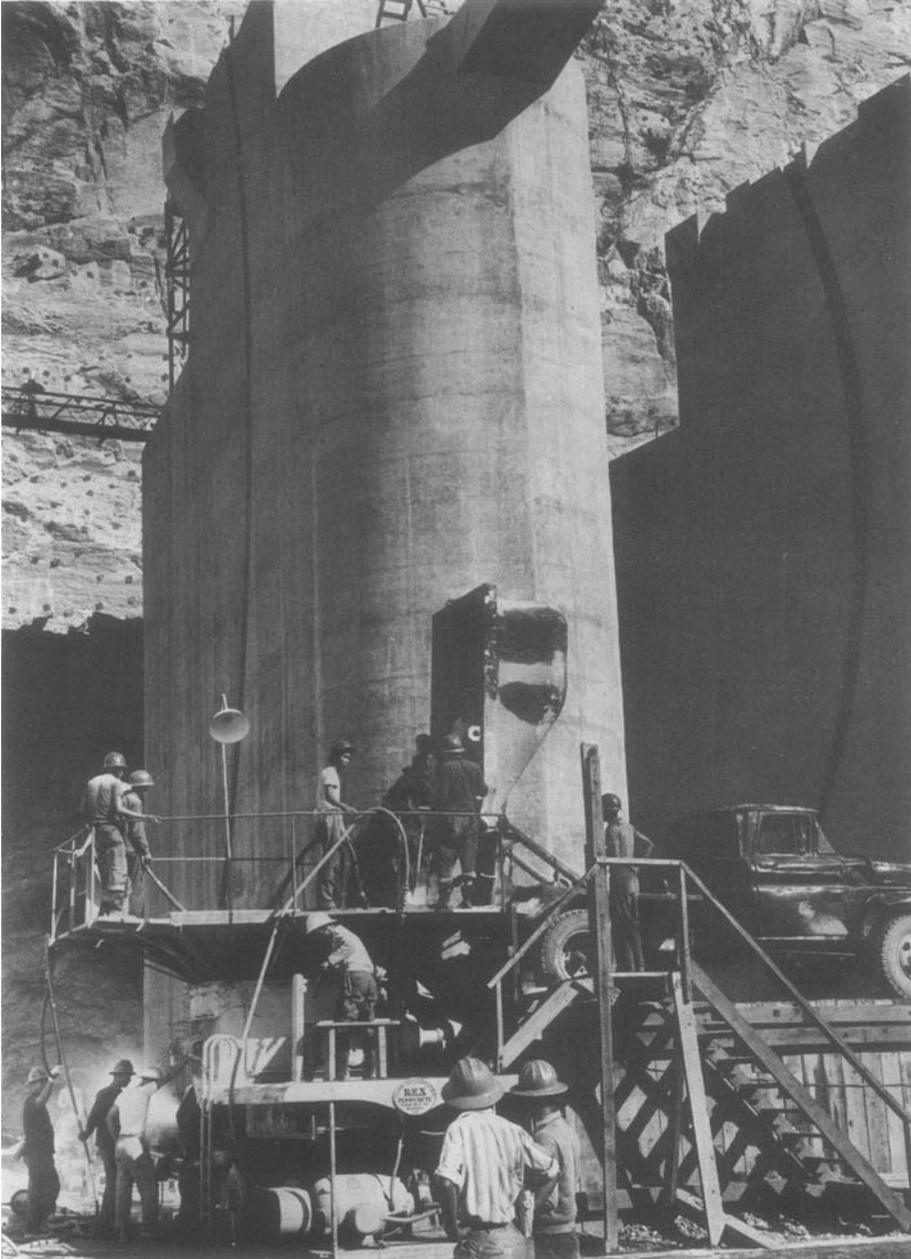
ect, the procedure of selecting consultants is a little different.

The functions of a consulting engineer in such a project are generally of three kinds, as follows:

- (1) preliminary investigations and reports on feasibility, economic and financial justification, general layout and design, and estimated cost of the project; the time required for its construction, etc.;
- (2) the preparation of detailed designs, specifications, and contract documents, the analysis of bids and recommendations thereon, etc.;
- (3) supervision of the execution of the project.

Sometimes the borrower may be able to carry out the preliminary investigations and general designs, and the consulting engineers' work will then be limited to detailed design and supervision. These functions should normally be carried out by the same firm, and if a firm has already carried out the preliminary investigation there are often many advantages in appointing the same firm to carry out also functions (2) and (3).

In the past, borrowers have asked the Bank for lists of qualified consulting firms from which to make their choice. The Bank, in its early years, did sometimes try to meet these requests, but experience showed that the procedure had many disadvantages from the Bank's point of view, and for a long time now it has refused to supply such lists. For projects of usual types it is impossible to draw up representative lists of suitable length without leaving out many well-qualified firms. The only fair procedure would be to try to furnish exhaustive lists to borrowers, but that would place on the



The Yanhee multipurpose project in Thailand is one of the largest of its kind in Asia, and is typical of Bank-financed projects requiring the help of the consulting engineers

PHOTO: SVERDRUP & PARCEL INTERNATIONAL INC.

Bank the responsibility for making sure that its information about consulting engineers throughout the world was current and complete, and the length of resulting lists would make them practically useless to an inexperienced borrower. So the Bank prefers that borrowers should prepare their own lists.

For a borrower accustomed to using consulting engineers this is not difficult. A borrower without much experience in such matters may prepare a list from recommendations by qualified sources, such as other employers or the various associations of consulting engineers. Diplomatic missions to the borrower's country are usually pleased to supply information about consulting engineers in their country, or the same information may be obtained through the borrower's own diplomatic missions. When the borrower has prepared his list, he should present it to the Bank in order that the Bank may inform him whether the firms on the list will be acceptable for consideration for the work proposed.

Despite the desirability of having the borrower prepare his own list, the Bank is sometimes pressed by inexperienced borrowers for recommendations, particularly when unusual specialization is involved. The Bank may then make suggestions, entirely upon the basis of competence. There is no attempt to establish an order of excellence. Consulting engineers who have not previously worked on Bank studies or projects are considered as well as those who have. In discussions with representatives of the borrower the Bank does its best to make it clear that choice and nomination rest with them, subject to the usual approval by the Bank, and urges them to consider firms in a number of countries and not limit

themselves to those experienced on Bank projects.

If the borrower is inexperienced in such matters, the Bank may advise him how to prepare his requests for proposals in order to ensure that these can be evaluated and compared. If the proposals received do not contain sufficient information for this evaluation and comparison, the Bank may suggest that more information be requested. The evaluation of the proposals and the selection of the firm which the borrower would like to employ are primarily the responsibility of the borrower, but the Bank would be quite willing to advise on the points to be considered—which are of course the same as those which it would itself take into account. It is also up to the borrower—who is the best judge—to consider carefully whether the firm to be selected has a satisfactory knowledge of the country, its language, its people, and its customs.

When the borrower is paying the bill the object is the same as when the Bank is paying: to obtain the best qualified firm which is in a position to undertake the proposed work promptly, and at a reasonable price, rather than to obtain the firm which will undertake the work at the lowest price. Consulting engineers should compete against each other on the basis of qualifications, experience, and professional competence.

After the borrower has made his choice of a consultant engineering firm, but before negotiating a contract, he presents to the Bank for approval the proposal he wants to accept. In addition to passing on the acceptability of the chosen firm, the Bank examines the reasonableness of the financial terms and the adequacy of the terms of reference.

After a consulting engineer satisfactory to the borrower and the Bank has been chosen, the Bank's primary interest is to see that the responsibilities of the consulting engineer are clearly set out in his agreement with the borrower and that he is fully utilized in carrying out those responsibilities. To achieve this, it is usually necessary to reach agreement with the borrower and his proposed consulting engineer on terms of reference for inclusion in the agreement, and to ensure not only that the consulting engineer is aware of the terms and conditions of his employment but also that the borrower is aware of the responsibilities and authority which the consulting engineer is going to bear on his behalf. During these discussions, the Bank makes clear to both the borrower and consulting engineer any requirements which the Bank may have in regard to

the work, and satisfies itself that the borrower will give to the consulting engineer sufficient power and discretionary rights to exercise their responsibilities objectively and to carry out efficiently the terms of their agreement.

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It will, I hope, be obvious from the foregoing that the Bank attaches the greatest importance to the work of consulting engineers, and chooses them for particular projects with meticulous, painstaking care. But I hope it will be equally clear that the Bank approaches each occasion for choice with an open mind. It wants excellent service, and it will go to any member country or Switzerland, and to any firm within the country, to get it. When the Bank's consulting work is distributed, no firm holds preference shares.