



Consulting engineers as development partners – calling for recognition of business needs in EU procedures

↘ The market under budget support

The use of budget support, where funding goes straight to the treasury of the beneficiary country in a move to strengthen 'ownership' and responsibility, rather than directly into specific projects, has become a sometimes contentious issue. Amongst the EU Member States, its effectiveness is attracting growing criticism and the Commission may introduce additional conditions for eligibility as a result. At an industry level, growing budget support has meant fewer tenders being launched by the EU. "The move has created fewer opportunities for consulting engineers," says Ms Pedersen. "We have not seen a corresponding rise in the publication of local tenders – it is not translating into more opportunities."

↘ Forward planning based on EU programming

Under the EU's revised development policy, 'Agenda for Change', the European Commission is obliged to develop strategic plans with its partner countries and is aiming at a clearer differentiation between the most needy countries and a concentration of sectors. EFCA is urging the Commission to publish the sectors and priority areas identified for funding as soon as possible. Beneficiary countries are being asked to identify three priority sectors – of which energy and environment are taking an increasingly prominent role. "It's interesting," says Ms Pedersen, "but from a consultancy point of view investment decisions including whether to open a local office, hire staff to represent you, for example, are influenced by the potential of a good pipeline of new projects. With the EU insisting on a new narrow focus,

Proposed changes in the European Commission's tendering and contracting procedures (the 'PRAG') are being welcomed by EFCA as another step towards improving the quality of EU external assistance. According to Ines Ferguson, chair of EFCA's External Aid Committee, there remains a lot to be done in reducing the costly delays and bureaucratic burden currently experienced by many companies bidding for overseas contracts. But, she says, consultations with DG DEVCO¹ over the past two years are bearing fruit, and collaboration on the revision of the PRAG has been very constructive.

Streamlining the PRAG

The PRAG is currently under review and due to be re-published in early 2013. Anticipated changes include the extended use of global price contracts, less weight on CVs and more on project management and backstopping from companies, statements of exclusivity and availability not being required for global price contracts, the possibility for replacements for experts to be proposed within 15 days, companies belonging to the same legal group being able to use references of the whole group, and ongoing projects up to a certain point in time being accepted in the references. "This is helping to streamline procedures," says Ms Ferguson, "and we are keen to keep the process moving. As consulting engineers, there is a lot we can offer with our knowledge and experience to help the Commission develop a more practical PRAG that would ultimately improve project implementation."



Ines Ferguson,
chair of EFCA's External Aid Committee.



Suzanne Pedersen,
member of the External Aid Committee.

the risk is that investing locally may not become so worthwhile. But releasing the programming information can overcome this to a certain extent and help to encourage an otherwise wary market."

The European Commission is currently consulting with partner countries for its 2014-2020 programming period. "Companies normally take months, even years, to do their forward planning," says Ms Pedersen, "so giving us this information would be helpful when we are deciding which sectors and countries to cover."

Ms Ferguson agrees. "This is at the top of our agenda," she says, "and it will be a challenge to convince the EU of the importance of disclosing this information."

Challenges

Some issues are still being challenged, however, by EFCA. Susanne Pedersen, member of the External Aid Committee, is worried about the reduction in advance payments (40 to 20% for fee-based contracts, and 60 to 40% for fixed price contracts).

For some large companies the changing conditions have not been seen as sufficient for them to stay in the market and a few are moving out. "Others are still taking advantage of the opportunities that lie in external assistance," says Ms Pedersen, "though for some it can be difficult to sustain a cash flow with some of the changes." She points out that for companies registered in southern Europe where the financial crisis is more entrenched, the difficulties in obtaining bank guarantees translates into no advance payment and this can put a big hole in a contractor's cash flow at both the start and at the end of a project.

Tendering procedures, with their increasingly heavy demands for administrative compliance (very detailed proof of the career history of team leaders, for example), are also causing concern. As are changes in the role and influence of the Contracting Authorities' project managers. This should be monitored, Ms Pedersen says, as it often contributes to delays in implementation. "The managers are often new to EU procedures," she says, "and are referring many contractual decisions, even small ones, to steering committees and of course this takes time. A query on a timesheet has been known to take weeks to be resolved. Delays are always costly."

One of the most important issues on which EFCA wants continued dialogue is the adjudication system. Many companies are wary of the current one which relies solely on local courts in the beneficiary countries for recourse. "Where public money is going to projects and it is being left to beneficiary countries to administer – there should also be a European independent complaints council," she says.

Other issues EFCA is raising include the introduction of an early warning system (EWS) which provides alerts on poorly performing companies, individual experts being regarded as sub-contractors, and the process for interviewing experts.

Priority demands

In summary, EFCA is now keen to persuade the Commission to release programming information as soon as possible for businesses to prepare for the project work ahead. They want to press home the importance of maintaining the current payment schedule, especially in light of the continuing financial crisis. And they want to discuss the possibility of establishing a European independent complaints council.

Ms Ferguson hopes the European Commission will continue to take greater account of all its development partners when finalising procedures and programmes – particularly those in the consulting engineering industry.



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EFCA has member associations in 25 countries, and is the sole European federation lobbying on behalf of engineering consultancy and related services, a sector that employs around one million staff in Europe. EFCA contributes with a strong and cohesive input to legislative actions of its national associations on issues affecting market conditions. Furthermore, the organisation works as a Europe-wide platform for national associations and their member firms to gather relevant facts and discuss issues with their counterparts.