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Title of Paper: **PROMOTING EFFECTIVE PARTNERSHIP'S IN CONSULTING ENGINEERING THROUGH CAPACITY BUILDING**

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Africa has recently seen a very significant interest in infrastructure development including Oil and Gas activities by international oil companies (IOCs). In the case of oil and gas, the previous high crude oil prices has seen , exploration activities increase in Africa including new areas like East Africa and Mozambique. These activities have led to increased interests by local citizens in respective countries due to the perceived benefits including high rewards/returns. The government, Development Finance Institutions (DFIs) and Donors have generally engaged international/foreign companies for mainly large projects. The reason normally given is the complexity and the high financial inputs required for successful execution of the projects.

The local consulting firms are at a disadvantage in that they do not have some the necessary skills/capacity to carry out some of the activities. Other challenges include:

- Inadequate legislation for technology and knowledge transfer
- Inadequate development of local skills and know-how in the exploitation of natural resources and infrastructure development
- Inadequate legislative requirements for collaboration between foreign investors in the energy sector and the local investors
- Absence of legislative framework to prioritize utilization of locally available goods and services.
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- Language barrier
- Conflicts in culture
- Cases of unfair distribution of works(weak procurement act/poor enforcement)/Corruption
- Limited openness
- Varying standards/codes of practice
- Some standards are too advanced
- Lack of adequate skills and technologies experience in some areas
- Poor delivery of some local firms/persons,

- Some local firms not well resourced,
- Lack of skills data base
- Lack of enforcement of existing legislation
- High expectations of locals(unrealistic local content expectations)
- Impact takes time to trickle to the population
- Cultural issues have also seen IOCs engage Foreign Service providers to carry out less complex activities such as travel/accommodation arrangements, security, topographical surveys etc. with minimal participation of local firms.

This disparity has led the level of local content to be at a bare minimum giving rise to discontent from locals as they feel they are been left out. They are also anxious to start deriving benefits from resources found in their country early. The locals have also put tremendous pressure on the governments to reverse this trend. This has culminated in a few countries enacting local content laws to address such disparities. Such countries include Nigeria and Ghana.

In the absence of local content legislation, there is still what can be termed as cosmetic engagements of local people/firms irrespective of the legal notice requiring 40 per cent local content for all international tenders. The government does not fully enforce this requirement in many of their tenders which is sad. Many of the engagements of local firms include unskilled labor and activities requiring simple inputs. This approach basically leads to minimal and ineffective technology/skills transfer to the locals on top of being a revenue drain to the respective countries. It is our humble submission that only effective legislation can guarantee significant participation and skills transfer to the locals. Such legislation must have time bound milestones with clear descriptions of activities and expected local participation quantum's e.g. percentages that are strictly adhered to. The legislation should also establish training institutions with effective funding mechanisms to accelerate capacity building of local firms/people. The legislation should also promote effective partnerships covering not only skills transfer and content of work, but also ownership structures that encourage appreciable participation/equity of locals.

The benefits of partnerships can be summed up as:

- Local firms able to actively and significantly participate in larger projects
- Job and wealth creation
- Local firm able to build new skills/offering
- Technology /skills transfer
- Opportunity for local firms to build capacity
- Exposure to international standards
- Long term strategic partnerships (inclusive of mergers/acquisitions/MOUs etc.)– Mutual and sustainable benefits.
- Commitment to execution of works(binding contracts)
- Competitive pricing(prices from local firms generally lower)
- Enhanced company profiles
- Wider range of opportunities including international work
- Creation of centres of excellence for international works
- Structured execution of works: Good management systems

- Exposure to software (e.g. engineering software's)
- High integrity
- Excellent results/products
- Timely delivery
- Mutual recognition agreements for profession services (liberalisation of Professional Services in the region e.g. EAC - In progress)

Effective partnerships will go a long way in addressing social issues as well as manage local expectations so as to minimize disruptions and discontent. Foreign firms should be encouraged to work with firms and use locally established professional groups and training institutions as well as relevant government departments. The engagement with local firms should be through structured agreements supported by local professional associations (e.g. ACEK). Working through professional associations has the advantage of confirm the legitimacy of the local firms as well as giving confidence to the foreign firms that the local firm is bound by a code of ethics and is monitored. Professional associations can also arrange for continuous training programs given that they are likely to raise the critical mass required to conduct most of the courses. Through the professional associations, training and development of the young professionals can be carried out with the aim of enhancing local capacity. The associations can also be useful human resource data centres with the benefit of identifying key skills required as well as identifying suitable foreign training institutions that they can partner with to conduct the required courses especially specialized courses. The professional associations can also act as liaison centres for general data that may be required by potential investors in infrastructure development (e.g. for Public Private Partnership projects etc.). The associations are also useful for networking of local and foreign firms in a bid to foster healthy working relationships.

Partnerships should take into account existing local strengths and identification of advantageous local conditions that would promote accelerated skills and capacity build up e.g. if a country has a coastline then ship/port activities can be quickly enhanced to enable higher local participation.

Going forward we can sum up recommendations as follows:

- Need to promote partnerships and also ensure that they foster win-win relationships (foster win-win motivators as opposed to punitive motivators)
- Need to encourage capacity building of local firms which includes potential amalgamation of local firms
- Need for local firms to have well-structured management systems including IT systems (need to "up our game")
- Need to development/enactment of a local content laws/regulations to allow for an open and transparent apportionment of local content in every project right from the conceptualization, design/construction and operation phase of a project,
- Local content laws/regulations should be balance and should not deter investors,
- Need to create/share data base of existing and required skills,
- Need to identify local training institutions to fill in skills gaps (also promote cooperation between local and foreign universities in specialized training etc.)
- In all projects, it is recommended that there be funding/effort for capacity building especially targeting the young graduates. This should include internships etc.

- Need for capacity building for mid-level technical skills
- International firms to refer to relevant professional associations for identification of potential partners as well as for due diligence
- Local professional associations to collaborate with international associations:
 - Exchange data bases(firms, individuals, skills),
 - Collaborate in training
 - Enhance networking between local and international firms/persons
 - Cut off middle men
 - Encourage foreign professionals in assignment in an African country to join local associations
- Need for capacity building of specialized skills by actively engaging government and local training institutions
- Need funding for capacity building
- Governments need to enforce relevant legislation (eliminate local and foreign quacks, etc.)

ACEK will continue to play an active role in driving the above agenda as it pertains to consulting engineers and would encourage other professional organizations to do the same.

In conclusion, effective partnerships are key in the smooth, sustainable and mutually beneficial exploitation of natural resources and development of infrastructure in Africa. Professional associations are best suited to advance the interests of their members.