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Is there no room for local consultants and contractors?

by Surath Wickramasinghe,
President, Chamber of Contractors Industry, Sri Lanka

It is sad to see that the opinion of the bureaucrats and key advisors to the government, local and foreign, as well as the Chairman of the BOI is that the foreign consultants and contractors are cheaper, faster, and better than the local consultants and contractors. They are also of the view that the foreigners are respected for their designs and reports indicating that therefore obtaining of funding is much easier. Another statement states that the Sri Lankan consultants and contractors should be able to compete with the foreign counterpart in an open economy even on locally funded projects.

The Sri Lankan consultants and contractors have now acquired adequate competence in the field of physical planning, urban design, high-rise buildings, highway construction, telecommunication and other infrastructure services. In fact some of the local consultants and contractors have been commissioned by foreign countries to undertake assignments. Therefore, at a time when the construction industry in Sri Lanka has insufficient work it is unfair for the BOI and UDA to offer Sri Lanka funded projects to little known foreign consultancy firms and contracting firms without offering the same projects to the locals who could do it at a much lower cost. The biggest offenders are the BOI and the UDA.

If there are shortcomings, the way that local contractors will upgrade their skills will be to collaborate with the best firms in the world and to design and construct buildings which become Icons not only to the City of Colombo but also to the whole Sri Lanka. This is what Singapore, Malaysia and even China are doing.

There was a recent newspaper announcement that the Colombo Kandy highway was to be awarded to a Malaysian firm. If it is Government policy to award this project to a nominated firm without competitive bidding we believe it is unfair and irregular. Once again we cannot see this Malaysian firm investing many millions of US dollars without adequate financial guarantees from the Government. If this is the case it is only fair that Sri Lankan consultants and contractors should also be invited to compete with the foreign counterpart on the same terms.

For years those in the construction industry have suffered under the ravages of war in our land and waited for the day when they can participate in the reconstruction and rehabilitation of their motherland. Alas, unless corrective action is taken immediately, the beneficiaries of peace will not be the citizens of this land and the island's professionals but foreigners whose only interest is to make a fast buck with minimum effort and maximum profit.

Recently the BOI commissioned a little known firm, a subsidiary of the Housing Development Board of Singapore, to prepare a Western Regional Plan for Sri Lanka. This is another anomaly. Before the plan is even completed, this firm has already commenced canvassing for design assignments of the mega projects identified by them for implementation. It would be interesting to find out if the BOI will once again gift this work to this firm without inviting bids the local counterparts.

In most countries in the world including Sri Lanka there are stringent laws and regulations and registration formalities to prevent foreigners working in each others countries. In India it is mandatory that if a foreign firm works there, they have to collaborate with a local firm. The local firm will be the Lead Firm, and certainly not have an independent practice as in the case of the Singapore firm referred to above.

The advisors and bureaucrats may not know it but IT has transformed the construction industry in Sri Lanka to be comparable and competitive with most countries in the world. This apathetic attitude is sounding the death knell to the experienced professional and contracting talent and expertise of the country.

Out of the US\$ 4.5 Billion pledged to Sri Lanka at Tokyo by the multilateral agencies and other donor countries, the loan part should be carefully studied by Sri Lanka to obtain maximum benefit to the island. For example, if the loan funding on construction related projects amount to around 30% of the total amount pledged, and if the payments to foreign consultants and contractors is in the region of 60% - 70%, the net benefit to Sri Lanka from the huge loans will be minimal.

The Japanese consultants are said to command fees of around US\$ 20,000 per man month while the cost of European consultants is a little less. The fees of those

from South Asian countries are perhaps the lowest. Sri Lankans will ask for fees between USD 2,000 and 5,000 at, maximum. Therefore when these loans are negotiated Sri Lanka should insist on a greater proportion of local participation for Sri Lankan consultancy and contracting inputs. Otherwise, when the repayments of these loans have to be made, Sri Lanka will be at a disadvantage having to repay the entire loan as there is no direct benefit to the country through using local consultants.

Why should not the Government include a representative of the CCI when negotiating teams are sent to negotiate loans for projects from multilateral agencies and donor countries? The Chamber representative will ensure that the CCI members interests are assured and that the domestic capacity is fully utilized. The CCI is willing to meet the cost of travel and subsistence of the CCI representatives so that there are no additional costs to the Government.

To meet the shortfall of skilled personnel like masons, carpenters, plumbers, mechanics and other trades the CCI is in a position to assist the Government in providing hands-on training in most parts of the country with the assistance of our member associations. It is necessary to train large number of youth to meet the demands for the future.

The construction industry should be mobilized immediately to 'kick start' the economy and the construction industry. The Government's view that the private sector should use the tax incentives already available and the reduced interest rates and embark on major development projects in different sectors has so far not achieved the desired effect. This is certainly not so in the construction industry. Consequently, the construction industry over the past 20 months has been waiting for the Government to give the lead

The CCI has been continuously highlighting the need for the Government to identify at least 3 - 4 mega projects of national importance to 'kick start' the construction industry, and create several thousand job opportunities which would in turn result in the socio economic development of the country. CCI have also indicated that it is more than willing to partner with the Government to identify the construction related priority projects. The Government's recent announcement that Rs. 17 billion will be pumped into development projects over the next 18 months is to be taken seriously. Its apparatus for implementation will undoubtedly fail them. Therefore as aforesaid it is prudent for the Government to entrust this task to the CCI for its implementation through its member associations.

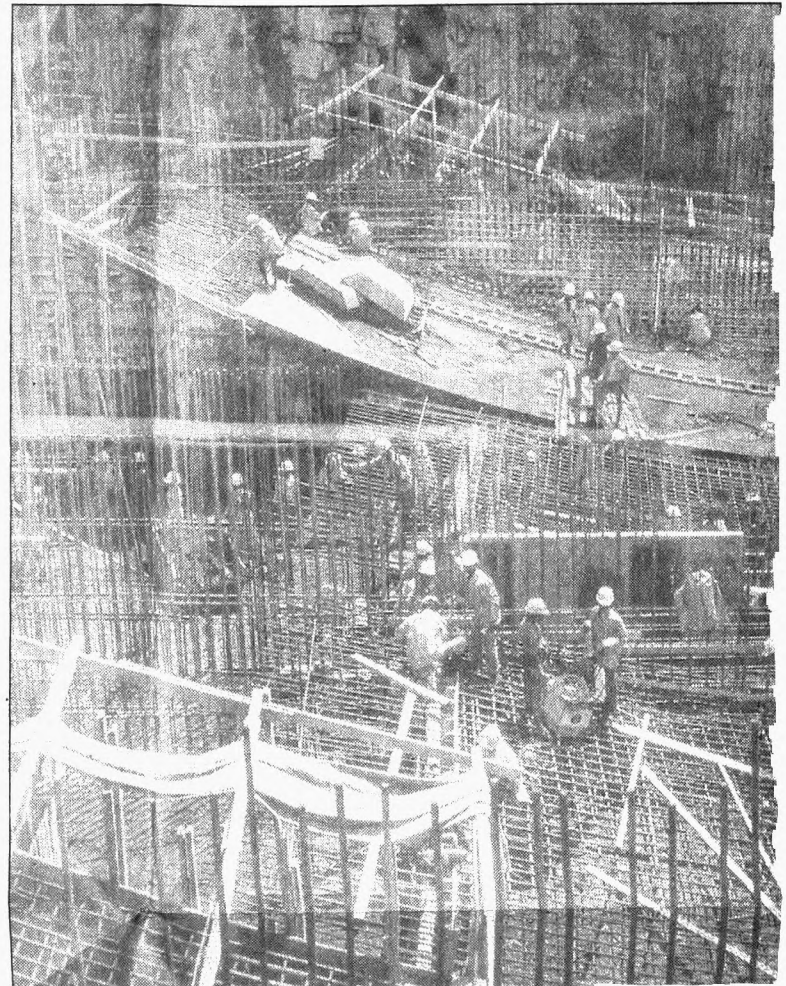
At the same time to 'kick start' the construction industry the Government should commission CCI by forwarding a list of priority projects identified for implementation from the 'Regaining Sri Lanka Document' and the North and East Rehabilitation and Reconstruction Post Conflict

Report by the funding agencies. The designing and planning of these projects could then be distributed to the member associations by the Chamber. Since the funding of these projects will be made available by the end of this year or early next year decisions regarding implementation must be taken without any further delay.

The Chamber strongly believes that if the local construction industry is weak in certain areas, the ideal solution is to strengthen only such weak areas with foreign expertise instead of blindly handing over everything to foreign contractors.

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At a worksite