The Paradoxes of Development Co-operation

How the structure of consulting projects weakens partners in the developing countries

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In the field of development aid, the English catchword *Ownership* is written with a capital letter. Major multinational corporations and national development aid organizations do not wish to dictate which developmental path the countries of Africa, Asia, or Latin America should take. Instead, when it comes to guaranteeing the availability of electrical power, raising literacy rates, or improving water supply for the population, their local project partners are supposed to make their own decisions as to the means they employ. At conferences in Paris and Accra, the donor and recipient countries formulated the guiding principle that, after 50 years of development aid, the big Western aid organizations should no longer be the ones in the driver's seat, but rather their partners in developing countries.

Nevertheless, to ensure that the ministries, government agencies, businesses, and NGOs in developing nations are actually capable of assuming these responsibilities, they are intended to receive support in the form of consulting. For this reason, the industrialized nations allocate a substantial portion of their development aid budgets, which total well over €100 billion, to ensure that their partners can develop their organizations, train their personnel, or change underlying legal frameworks. Yet herein lies one of the paradoxes of development aid: the way such consulting projects are currently structured across the globe produces precisely the opposite effect, resulting in a disenfranchisement rather than a strengthening of partners in developing countries.

In development aid, the consulting business operates according to special rules

In order to understand this form of disenfranchisement, we must realize that the multi-billion euro consulting business follows different rules in developing countries than in the industrialized world. To put it simply, in industrialized countries a business or government agency will identify a specific problem – perhaps a strategic reorientation of the organization, the restructuring of a department, or providing staff training in new technologies – and then use its own money to hire a consulting firm to solve the problem over a number of weeks or months. In development aid projects, on the other hand, it is generally rare for a consulting firm to be hired for this kind of clearly defined objective. Rather, major donor organizations support consulting projects that are designed to run for several years. These are usually multi-million euro assignments encompassing a number of different tasks. As a rule, they are announced internationally, and the firm with the best ideas and the best consultants receives the contract.

The hope is that such multi-year assignments will provide the consultants with deep insights into the client's activities and result in a deep bond of trust between client and consultant. However, in terms of the World Bank, the regional development banks in Africa, Latin America, and Asia, and many national development aid agencies, creating this type of project offers a large, overriding advantage. As donors, they only need to concern themselves with commissioning the project once, at the beginning. Subsequently – assuming everything runs smoothly – all that remains is to ensure that the consultants' fees are paid at regular intervals. The donors save themselves the trouble of handling an array of smaller consulting projects, each of which entails identifying specialists for the job. On the development aid scene, organizations speak of designing projects that are as comprehensive as possible in order to utilize "economies of scale."

Consulting firms as resume collection points

While this may be true, it is virtually impossible for the consulting firms involved to achieve competence in the wide range of areas that are bundled into development aid projects. After all, for most consulting firms it doesn't pay to hire staff members in such a wide range of fields as, say, organizational development, specialized personnel training, legal counseling, or target group sensitivity – each of whom is supposed to have specific regional know-how as well. Employing a permanent core of consultants would be completely uneconomical because most firms have no way of calculating the number and nature of assignments they will receive.

Instead, the consulting firms under discussion here have developed a special kind of competency, namely, writing proposals that sound very promising in terms of fulfilling the many-faceted contracts tendered by development aid organizations. This explains why the firms bidding for major consulting jobs not infrequently have only a small number of permanent employees. Their job is to collect resumes from as many freelancers as possible and then respond to the announcement of a large-scale development aid project by combining them into the most attractive offer possible. To put it bluntly, there is no lack of consulting firms in the field of development co-operation that function as "resume collection points," growing or shrinking according to the success they achieve in the proposal business.

The effect is that consulting firms in development co-operation are even greater masters of sprucing up plans and concept papers than their counterparts in the western Hemisphere, who are also not exactly inept in this respect. In North American or European projects it is common practice for consulting companies to meet with their potential clients and provide a precise explanation of their approach, using less paper rather than more. During the open period in development co-operation work, however, clients generally do not get to see their potential consultants, who try to impress them by submitting concept papers printed on high gloss paper. While consultants working for Western corporations or government agencies frequently have only very brief résumés, or none at all, those in development co-operation work – even at the age of 40 – have resumes extending over ten pages.

Afterwards, of course, the development aid organizations often observe that the ideas developed in response to the requests for proposals have nothing to do with the later realities of the project and that the resumes of the experts were inflated. Once the contract is awarded, the internationally acclaimed experts cited in the consulting firm's proposal suddenly are no longer available. The organizations place the blame on the respective consulting firms while overlooking that they themselves are creating this particular form of presentational competence in the consulting industry through their own requests for large-format proposals.

Consulting measures as a means of disenfranchisement

The problem is not primarily that this logic within the consulting industry causes any number of consulting projects to fail. In contrast to the “white elephants” – the power plants, dams, and factories that were financed through development aid, only to break down several years later – the ineffectiveness of consulting projects in general does not become conspicuous. Thus, initiatives that for the most part have been unsuccessful in the field can often still be portrayed as at least partial successes in the aid organizations’ reports. And if a project should prove a spectacular failure, a very systematic attempt can be made to attribute the mistakes to client resistance or the deterioration of key political factors, as opposed to lacking ability on the part of the consultants.

The real problem is the structure of the consulting projects: the multi-year projects conducted in developing countries disenfranchise the very organizations that were actually intended to profit from them. Once a Western aid agency has awarded a large-scale consulting project, for several years there is virtually no way that the Mexican water company, the minister of education in Ghana, or the director of public road construction in Vietnam can rid themselves of the consulting team that has been hired to do the job.

Naturally, multi-year assignments also create conditions that allow consultants to do good work. Not infrequently, however, the deployment of consultants leads to the creation of parallel structures in their respective client companies, government agencies, and ministries. The consultants occupy their own offices in their clients' facilities and generate a profusion of reports, but they have only limited or no access to the relevant decisions their clients are taking. At best, the parallel structure is more or less useless, while in a worst-case scenario it can partially obstruct the work of the organization in the developing country. But since the consulting projects are generally paid for with European tax money, the organizations in the developing countries put up with the consultants. The project managers in Western aid organizations perhaps wonder why their partners don't rebel against this pointless form of consulting. Yet why should they? After all, they don't *own* the consultants.

Development aid organizations such as the World Bank, regional development banks, or even national development agencies should risk making a small experiment. A given executive should call for the award of a multi-year consulting project that spans the entire operation and encompasses areas as diverse as organizational development, personnel training, IT restructuring, legal counseling, and public relations. This would be met with head-shaking. It would be pointed out that the organization needed to work much more with small-scale consulting packages, assigning each of them to specialized consultants and, as a rule, restricting their duration to only a few weeks or months. Large-scale, multi-year project packages would be portrayed as senseless undertakings that would bind the organization too closely to a consulting firm and ultimately weaken its autonomy. Yet this loss of autonomy is precisely what the aid organizations expect their partners in developing countries to accept.

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