

DOING GOOD INSIDE DEVELOPMENTCONSULTING

International consultants: Overpaid today, extinct tomorrow?

By Till Bruckner 04 August 2015

In his 2004 book “Dark Star Safari,” travel writer Paul Theroux noted the many white faces peering out of logo-encrusted white jeeps and promptly slammed the aid industry for being “unable to even replicate itself” locally after decades of ostensibly fostering sustainable development in Africa.

A decade later, with human capacity growing rapidly across Africa, Asia and Latin America, “global north” expat dominance of the commanding heights of the aid industry in general, and of the consulting business in particular, seems to be waning.

Experts from developing countries are setting themselves up as consultants in increasing numbers, and while many remain confined to their home countries professionally, working as “national consultants” for a fraction of the rates commanded by their counterparts from developed countries, a growing number are beginning to cross borders and work regionally and even internationally.

So will professionals from the global north still be flying around Africa to design and manage development programs 50 years from now? Devex interviewed industry insiders from all continents, and though perceptions of international consultant bias varied, all reported the same trend: Even on a playing field that is tilted in their favor, consultants from the global north are steadily losing ground as capacity in middle-income countries grows.

In the 1980s, a typical project team would consist of 4-5 expats plus 15-20 nationals, reflected Charlie Bell, vice president of integrated development at Louis Berger. Now, big programs consist of teams of 1-2 expats plus 100-200 locals and increasingly a local expert as chief of party.

“I think there’s a winding down of the international consultant,” he told Devex.

IPE Global, a consulting outfit that was set up in India in 1998 by alumni of the London School of Economics, is one company that clearly illustrates the rise of actors from the “global south” in the development industry. Initially only focused on the domestic market, IPE soon expanded its operations to all of South Asia, then across Southeast Asia, then Africa.

“Originally, we were new kids on the block, so we had to gradually build the confidence of clients,” said Ashwajit Singh, IPE’s chairman and managing director.

Last year, his company acquired a U.K.-based consulting company and now has four permanent international offices with approximately 80 non-Indian expat consultants.

“We ourselves look at experience, not nationality, in international consultants,” Singh told Devex. “An Indian citizen who has worked in several countries worldwide is an international consultant and is competent as anyone in his area.”

This meritocratic philosophy is not always shared by clients, according to several industry insiders.

“Donors sometimes don’t take regional consultants seriously,” the Kenya-based regional director of a global consulting company told Devex, speaking on condition of anonymity. “You’re more likely to win a bid with a grizzled white man, especially in the role of team leader. It’s a form of institutional racism that hasn’t been addressed.”

Politically, bilateral donors are often more comfortable culturally with a project manager from the U.S., for example, confirmed Louis Berger’s Charlie Bell.

“I’ve never heard a client say: ‘I don’t want a consultant who isn’t from America or Europe,’ but there is some implicit bias,” Bell said. “For example, it can be hard to get African consultants accepted in India.”

Enrique Mendizabal, the Peruvian founder of On Think Tanks, told Devex there is discrimination in South-South consulting, but pointed the finger at donors rather than host country counterparts: “It is much harder to get a funder to pay for a Bolivian to go to Zambia than to get them to pay for a British consultant.”

Alina Rusu, the recruitment manager for Chisinau-based Business and Finance Consulting, a development finance consulting firm that works globally, said the perception still pervades that internationals know better than regional or local consultants.

“Consultants from post-Soviet countries are more accepted now, but there is still a difference, including within the region,” she said. “Consultants coming from countries with less developed financial markets are seen as having less to share. For example, expertise from Africa is not seen as relevant by most clients in the post-Soviet space.”

One Italian consultant noted that discrimination could be a two-way street.

“Several regional donors don’t permit access to [their] funds [by] experts or specialists other than from member countries ... notably for vacancies,” he pointed out, noting that in a broad sense, this could be perceived as discrimination against international consultants.

But Tania Sanchez, an independent consultant, cautioned against making sweeping claims of discrimination.

“I’ve been consulting internationally for eight years for a variety of clients — multilateral donors, NGOs and foundations — and being a Mexican has never been a disadvantage,” she said. “Actually, sometimes my nationality has been a plus, because I live in a developing country that has at times been on the forefront of certain transparency reforms, so I’m familiar with the challenges and opportunities of implementing and sustaining such reforms in practice.”

To what extent clients really are biased — as opposed to consulting companies assuming they are — is unclear. One interviewee told Devex frankly that “sometimes we won’t offer somebody because we anticipate client prejudices,” but when questioned further could not recall a single case in which a client had explicitly rejected somebody on the basis of their nationality in the past.

Another claimed that “if I know a person well and know they can deliver, I’ll make the sell [despite assumed client prejudices]. But if you’re just working off a resume, you are more cautious.”

However, it is uncontested that differences in pay remain common across the industry.

“The general payment differential is international 100 percent versus regional 40-70 percent versus local 5-20 percent. Some of those [international] folks justify those salaries, some don’t. It’s a mixed bag,” said Bell, citing client preferences as a driving factor. “I’ll go for a \$150-a-day guy if he can do job as well as a \$500-a-day guy, but will the client accept that?”

Things may be changing, but there are still differences in pay reflecting market prices, perceptions and expectations, according to recruitment manager Rusu.

“Donors think that international experts are used to a certain standard of living,” she said. “But personally, I haven’t seen any differences in quality. Internationals usually bring broader context, while regional and local consultants often work harder.”

The Moldovan recruitment expert revealed the pecking order at work within her region: “The more developed a consultant’s country is, the greater its perceived closeness to the European Union and the higher the consultant’s perceived value,” she noted.

Meanwhile, in Africa, “donors sometimes balk at paying full market rates for local researchers,” said Cheikh Oumar Ba, executive director of the Senegalese think-tank IPAR. “We recently put in a tender that had an international team of researchers from various countries, worldwide, and the client complained about the price tag of the African researchers on the team and asked us to lower their rates. We refused. You have to remember, we all went to the same universities, we have the same degrees.”

In the end, he said, the client backed down and paid full rates.

So is the aid industry routinely violating the Universal Declaration of Human Rights, which enshrines the principle of “equal pay for equal work?”

“The reasons commonly given, like weaker writing skills in the case of non-native speakers, don’t justify these big pay gaps,” according to one expat consultant based in Kenya. “In particular, the cost of living argument is not justified. It’s nearly as expensive living here in Nairobi as in many places in the U.S.”

Mendizabal agreed: “This separation between national, regional and international consultants is clearly unfair. It simply pays more for being based in Europe or the U.S.,” he noted, before offering an alternative solution: “Equal pay or fair pay, in my view, should follow purchasing power parity. I see no problem, for instance, charging 700 pounds if I live in the U.K. and 400 pounds if I live Peru.”

He added that addressing this issue is complicated with no one right answer. For example, the U.K.’s Department for International Development and other funders often hire locals as international staff, which impacts the local market in expertise.

“It would be good if there was more transparency in the salaries, pay rates and benefits negotiated by consultancies and consultants working for aid projects,” Mendizabal said. “It is public money after all.”

Consultants and consulting firms from developing countries aren’t expected to drive their more expensive northern competitors out of the market in all senses.

“In some regions, it’s still hard to find strong local experts in a few fields,” cautioned IPE’s Singh. However, these gaps could close soon. “Our model has been to try and get a good balance of international and local consultants in our projects and over a period phase out the dependence on the international consultants. We’re all in this to make a difference, and that difference can only be made if you build capacity.”

Louis Berger’s Bell is aware of the challenges posed by rising capacity and fairer competition.

“It poses a problem for the business model. How do you work with [cheaper] local consultants while maintaining your overheads?” he mused. “I think the answer is to regionalize your overheads.”

But regionalize to where?

“Indian salaries are rising, so our back office costs are going up,” Singh said. “Will southern consulting companies eventually price the established players out of the market? I don’t know. Maybe we’re heading towards a phase of mergers and acquisitions in the industry,” he speculated.

For now, the deck remains stacked in favour of his competitors from the north.

“The industry is moving towards a level playing field, especially over the past 15 years,” Singh told Devex. “Donors have played an important role in encouraging regional players by untying their aid. But the playing ground is not level yet.”

Rusu is more cautious in her optimism.

“I’d like to think that the playing field will become equal in future, but the reality is disappointing,” she said. “We won’t see a level playing field within 10 years, but maybe in 50 years’ time.”