



Annexure C:

**Association of Consulting Engineers of Namibia
Recommended Fee Scales for Project Managers
(PROCSA Edition 4.0 – ACEN Version 1.0)**

PROCSA
Professional Consultants Services Agreement Committee



Explanatory Note

The Association of Consulting Engineers of Namibia ("**ACEN**" or the "**Association**") is a voluntary organisation of individual consulting Engineering firms, formed to uphold standards, advance the profession and promote the interests of its members.

The Association is a focal point for contact between consulting Engineers, the public, government, government organisations and the private sector.

The Association publishes a variety of documents, including the Recommended Fee Scales, which can be obtained from the Secretary of the Association.

Copies of this and other documents can be obtained from:

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It is recommended that this Annexure be used in conjunction with the latest version of the "PROCSA™ Client/Consultant Professional Services Agreement"

The **Agreement** should comprise the following components:

PROCSA™ **Client/Consultant Professional Services Agreement** – Terms and Conditions
Annexure A: Schedule
Annexure B: Scope of Services
Annexure C: Recommended Fee Scales

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C RECOMMENDED FEE SCALES

C.1 ADDITIONAL DEFINITIONS AND INTERPRETATION

“**Additional Services**” means the **Services**, additional to **Services**, defined as such in the **Scope of work** for the **Project**.

“**Bill of Quantities**” means a list of items, components or services to be priced by a Contractor, broken down to a logical and practical level, which will enable the Engineer to evaluate prices, payment claims and additional work, but excluding a simple list of prices of countable items or components.

“**Building Project**” means any project involving alterations to existing works and/or the construction of new works which comprise mainly works of a building nature and for the planning of which the **Client** employs a team of building professionals and appoints one of them as his **Principal Agent** for that project.

“**Construction Monitoring**” means the monitoring of construction by the **Engineer** of the **Engineering Works** for compliance with the **Contract Documents**.

“**Engineer**” means the firm or individual who is a member firm of the Association of Consulting Engineers of Namibia and is the contracting party named in the **Agreement** as being engaged by the **Client** to perform the **Services** and of which the majority of principals are registered with the **Engineering Council of Namibia** as Professional Engineers or Incorporated Engineers.

“**Project Manager**” means the firm or individual who is a member firm of the Association of Consulting Engineers of Namibia and is the contracting party named in the **Agreement** as being engaged by the **Client** to perform the **Services** and of which the majority of principals are registered with the **Project Management Institute** as Project Management Professional (PMP) or equivalent international accreditation.

“**Engineering Council of Namibia**” means the juristic body initially established as the South West African Engineering Council in terms of Section 2 of the Engineering Profession Act, 1986.

“**Engineering Project**” means any project involving alterations to existing works and/or the construction of new works that comprise mainly works of an engineering nature and for the planning of which the **Client** employs an **Engineer**.

“**Engineering Works**” means that part of the **Project** for which the **Engineer** is responsible.

“**Special Conditions of Agreement**” means those clauses in this **Agreement** and **Special Conditions of Agreement** document that define those responsibilities of the **parties** that are particularly applicable to the specified **Project**.

“**Value of the Engineering Works**” means the total amount, exclusive of Value Added Tax, certified or which would be certified for payment to **contractors** (irrespective of who actually carries out the work) in respect of the **Engineering Works** designed, specified or administered by the **Engineer**, before deduction of liquidated damages or penalties, including -

- (a) pro-rata portion of all preliminary and general items applicable to the Engineering Works; and
- (b) escalation during the pre-tender and construction period
- (c) the costs of new materials, goods or equipment, or a fair valuation of such material, goods or equipment as if new whether supplied new or otherwise by, or to, the **Client** and including the cost, or a fair valuation of the cost, of installation (the sourcing, inspection and testing of such will comprise **Additional Services** by the **Engineer**).

C.2 APPLICATION OF TARIFF OF FEES

- C.2.1 The tariff of fees contained in this document applies in respect of the **Services** set out in the **Agreement**.
- C.2.2 The **Client** should remunerate the **Project Manager** for the Services rendered based on this **Agreement**. In cases where the **Client** and **Project Manager** have agreed that clauses C.3 (Fees for Services) and **Error! Reference source not found.** (Fees for Additional Services) are not applicable, payment should be on the basis of clause C.5 (Time Based Fees).
- C.2.3 The **Client** shall reimburse the **Project Manager** for all expenses and costs incurred in terms of **Error! Reference source not found.** in performing his Services, irrespective of whether fees are charged in terms of C.3 and **Error! Reference source not found.** or C.5 as well as for all costs incurred on behalf of, and with the approval of, the **Client**.
- C.2.4 Agreement on any adjustment of or special fees should be reached at the time of the engagement of the **Project Manager** or as soon as is practically possible, but in all cases prior to the **Project Manager** rendering Services that may be affected.
- C.2.5 Where, whether at the instance of and with the consent of the **Client** or as a result of circumstances beyond the **Client's** control, the **Works** are undertaken on separate non-contiguous sites, continuity is interrupted or the **Works** are unusually fragmented or are constructed as separately documented phases or sections, the fee for **Services** is the sum of the fees calculated separately for each site, contract, phase or section as if they were separate **Works**.
- C.2.6 The following fees may be claimed after each stage of **Services**, or monthly or as agreed between the **Project Manager** and the **Client**:
- Percentage fees determined on the basis of the **value of the works** prevailing at the time of the fee calculation and pro-rata to the completed **Services** as set out in clause C.3 of this **Agreement**.
 - Time based fees applicable when the **Services** were rendered.
- C.2.7 Reimbursements as set out in clause C.6 may be claimed monthly.

C.3 RECOMMENDED FEES FOR SERVICES

C.3.1.1 Introduction

The basic fee for normal services in the field of construction project management, pertaining to building projects and engineering projects, are calculated at the percentage mentioned against the *cost of the works* contained in the table provided under C.3.1.2.

C.3.1.2 Project Management formula for Building or Engineering Projects

(a) Recommended fee

Fee Scale Table: Project Managers				
Value of Works		Basic Fee (N\$)	Plus Secondary Fee	
Lower Limit	Upper Limit		Plus % of Value over Lower Limit	For value over
1	1,000,000.00	16,650.00	8.00%	1
1,000,001.00	2,000,000.00	96,650.00	8.00%	1,000,001
2,000,001.00	4,000,000.00	175,400.00	7.95%	2,000,001
4,000,001.00	8,000,000.00	334,400.00	7.85%	4,000,001
8,000,001.00	16,000,000.00	648,400.00	7.80%	8,000,001
16,000,001.00	32,000,000.00	1,272,400.00	7.00%	16,000,001
32,000,001.00	64,000,000.00	2,392,340.00	6.30%	32,000,001
64,000,001.00	128,000,000.00	4,408,340.00	5.60%	64,000,001
128,000,001.00	256,000,000.00	7,7992,400.00	4.90%	128,000,001
256,000,001.00	500,000,000.00	14,264,400.00	4.24%	256,000,001
500,000,001.00	1,000,000,000.00	24,610,000.00	3.66%	500,000,001
1,000,000,001.00	2,000,000,000.00	42,910,000.00	3.16%	1,000,000,001
2,000,000,001.00	3,000,000,000.00	74,510,000.00	2.83%	2,000,000,001
3,000,000,001.00	Above	102,810,000.00	2.58%	3,000,000,001

(b) Multipliers

The following multipliers shall be used to adjust the recommended fee:

Description of Works	Multiply the recommended fee by this factor
Alterations, additions or renovations to existing Works . (This factor is only applicable if additions or alterations are done to an existing service or structure. The multiplier will not be applicable when a new service is supplied to an existing structure or a new, independent structure is added on a site with existing structures on it)	1.25

Services provided partially or in stages for Project Management Services

The following table shall be used for proportioning the recommended fee for **Services** over the various **Stages** of the Services for purpose of determining fees payable.

Where not all the **Stages** of the **Services** are provided by the **Project Manager**, the fee is determined as a percentage of the total fee calculated in terms of this clause. The percentage shall be the sum of the percentages set out in the table below, appropriate to each of those **Stages** of the **Services** that have been provided by the **Consultant**, plus one tenth of the total fee payable to the **Consultant**.

Stage of Services for Project Management	Percentage for each stage – both Building & Infrastructure Works
Stage 1: Inception	10%
Stage 2: Concept and viability	10%
Stage 3: Design development	25%
Stage 4: Documentation and procurement	10%
Stage 5: Construction	40%
Stage 6: Close out	5%

C.4 ADDITIONAL SERVICES RELATING TO PROJECT MANAGEMENT SERVICES

The following Services are additional to the Services provided by the Project Manager, unless specifically agreed otherwise between the Project Manager and the Client. The agreement on the scope of Services and remuneration shall be in writing and should, if possible, be concluded before such services are rendered. In the absence of such written agreement Additional Services will be chargeable on a time and cost basis.

C.4.1 Development Management Services

The Project Manager may, by prior mutual consent, provide the following supplementary services. This will require agreement of both the Client and Consultant on the adjustment of the fees and disbursements.

- a) Facilitate the opportunity realisation process;
- b) Procuring of land and finance;
- c) Procuring of tenants, tenant co-ordination and tenant installations;
- d) Drafting of appointment contracts for other members of the professional team;
- e) Project management services in relation to direct contractors engaged by the client, such as those engaged for furniture, fittings and equipment;
- f) Mediation, arbitration proceedings and similar services. Such services will commence upon the notification of a dispute or the initiation of such proceedings;
- g) All work arising out of the failure of any consultant, contractors, suppliers or other external party to perform its obligations;
- h) Services required in respect of damage to or destruction of the works, insurance matters, postponement or cancellation of agreements;
- i) Additional services resulting from changes by the client to previously issued instructions;
- j) Any other services not specifically incorporated in the identified scope of services mentioned in this document.

C.4.2 Supplementary Services Pertaining to all Stages of the Project

- a) Appointment as an agent under any health and safety regulations
- b) Procuring of land and finance

- c) Procuring of tenants, tenant co-ordination and tenant installations
- d) Drafting of non-standard contracts
- e) Project management services in relation to direct contractors engaged by the client, such as those engaged for furniture, fittings and equipment
- f) Mediation, arbitration and litigation proceedings and similar services.
- g) Where the client requires the Consultant to, on his behalf, perform the services listed hereunder or similar work, the extent thereof and remuneration therefore is subject to agreement between the client and the Consultant:
 - I. Dealing with matters of law, obtaining parliamentary or other statutory approval, licenses or permits
 - II. Assisting with or participating in contemplated or actual mediation, arbitration or litigation proceedings
 - III. Officiating at or attending courts and commissions of enquiry, select committees and similar bodies convened by statute, regulation or decree
- h) All work arising out of failure of any consultant, contractor, supplier or other external party to perform its obligations, provided that such failure is not due to default by the Consultant
- i) Services resulting from damages to or destruction of the works, insurance matters, postponement or cancellation of agreement
- j) Additional services resulting from the client changing previously issued instructions
- k) Construction management
- l) Calculation and certification of professional fees applicable to other professionals engaged by the client on the project
- m) Any other services not specifically incorporated in the PROCESA Services

C.5 TIME BASED FEE

C.5.1 Time based fees are all-inclusive fees, including allowances for overhead charges incurred by the Project Manager as part of normal business operations, including the cost of management. They include payments to administrative, clerical and secretarial staff used in general to support professional and technical staff, but not where such supportive staff is employed on a specific Project only. Time based fee rates and any applicable annual increase to rates are to be agreed to by the parties at the start of the commission, failing which applicable reasonable market related rates shall apply.

C.5.2 To determine the time based fee rates the Persons concerned are divided into:

- a) Category A - shall mean a practitioner whose expertise and relevant experience is nationally or internationally recognized and who provides advice at a level of specialization where such advice is recognized as that of an expert.
- b) Category B - shall mean a partner, a sole proprietor, a director, or a member who, jointly or severally with other partners, co-directors or co-members, bears the risks of the business and takes full responsibility for the liabilities of such practice. He performs work of a conceptual nature in Engineering design and development, provides strategic guidance in planning and executing a project and/or carries responsibility for quality management pertaining to a project.
- c) Category C - shall mean all salaried professional staff with adequate expertise and relevant experience who perform work of an Engineering nature and who carry the direct technical responsibility for one or more specific activities related to a project.
- d) Category D - shall mean all other salaried technical staff with adequate expertise and relevant experience performing work of an Engineering nature under the direction and control of any person defined in categories A, B or C.

C.5.3 The time based fee rates are:

- a) Calculated for a person in category -
 - i. A and B at 22.00 cents per hour for each N\$100 or part thereof of the **total annual cost of employment** of the person concerned, as defined in sub-clause **Error! Reference source not found.**; or
 - ii. C at 17.5 cents per hour for each N\$100 or part thereof of the total annual cost of employment of the person concerned, as defined in sub-clause **Error! Reference source not found.**; or
 - iii. D at 16.5 cents per hour for each N\$100 or part thereof of the total annual cost of employment of the person concerned, as defined in sub-clause **Error! Reference source not found.**; or
- b) Based on such indicative time-based fee rates as are determined from time to time by the Engineering Council of Namibia after consultation with service providers and service users, whichever is the lesser.

C.5.4 The total annual cost of employment of a person:

Means the total amount borne by an employer in respect of the employment of such a person per year, calculated at the amounts applicable to such a person at the time when the **Services** are rendered, including:

- a) Basic salary, or a market related salary, excluding profit share and asset growth;
- b) Fringe benefits not reflected in the basic salary, including:
 - i. Normal annual bonus;
 - ii. Employer's contribution to medical aid;
 - iii. Group life insurance premiums borne by the employer;
 - iv. Employer's contribution to a pension or provident fund; and
 - v. All other benefits or allowances payable in terms of a letter of appointment, including any accommodation allowance, transportation allowance or company vehicle benefit, telephone and/or computer allowances, etc; and
- c) Amounts payable in terms of a Statutory Act, including Social Security Contributions.

C.6 EXPENSES AND COSTS

Costs that shall be recovered additionally to C.3, C.4 and C.5 include, but are not limited to:

C.6.1 Specialist Services:

- a) Environmental investigations and studies;
- b) Geo-technical investigations;
- c) Laboratory testing;
- d) Land acquisitions, expropriation, way leaves, servitudes;
- e) Site surveys;
- f) Specialist sub-consultants;
- g) Supply of specific equipment;
- h) Topographical and land surveys; and
- i) Traffic surveys.

C.6.2 Transport Expenses:

Travelling expenses for the conveyance of the Engineer or a member of his staff by means of:

- a) Private motor transport, including any parking charges, toll fees and related expenses;
- b) Scheduled airline or a train, bus, taxi or hired car; or
- c) Non-scheduled or privately owned air transport.

C.6.3 Travel Expenses:

- a) A time charge for travelling on the basis of the rate set out in C.5, for all time spent in travelling by the Engineer or members of his staff.
- b) Accommodation and subsistence expenses incurred by the Engineer or a member of his staff;
- c) Agreed costs of typing, production, copying and binding of contract documents, pre-qualification documents, feasibility reports, preliminary design reports, final reports and manuals, excluding general correspondence, minor reports, contractual reports, progress reports, etc.
- d) Expenses on reproductions, copying, printing, artwork, binding and photography, etc. required by the project.

The latest Recommended Rates for Expenses published by the Association of Consulting Engineers shall be applicable.

