

IMC Worldwide: STATEMENT 28th August 2020

Key points:

- At no point during the last five years was any child or teacher hurt as a result of any of the design issues identified by UCL in 2019. IMC exists to make life better for people. We would never put children and teachers at risk.
- DFID requested several changes in scope to the programme as requested by the provincial governments which accounted for the increased cost and signed it off
- Any issues raised by DFID third party consultants on the design and construction of the schools between 2016 and 2018 were responded to fully by IMC at the time.
- DFID rated IMC's work as 'good' on average across all its programmes in its most recent review
- Dividend figures reported by The Times are wildly exaggerated due to account adjustments. The average annual dividend payment received by the Director shareholders over the period 2015 to 2018 is less than £10,000 each.
- The gross profit figure reported by The Times includes overheads and staff costs – a significant cost for any consultancy. The average net profit (i.e actual profit generated) over the period highlighted excluding 2018 as IMC made a loss is typically 3.5% of turnover.
- The Times article refers to a junior employee. This young woman is an excellent operator and was responsible for office management such as procuring accommodation and office supplies. She had no responsibility for engineering matters. The personal award she received was for her hard work and commitment.
- IMC is a small company of less than 100 full-time staff. Our leadership and staff are committed totally to using their skills and talents to help improve living conditions for the poor around the world.
- IMC is a going concern supported by our bank and is not going out of business. Like many other businesses the COVID-19 pandemic has impacted on the business and we have taken prudent cost cutting measures.

IMC Worldwide is an international development consultancy based in Redhill, Surrey. We work with donors such as the UK Department for International Development (DFID), the UK Foreign & Commonwealth Office, the World Bank and USAID. Our work has been recognised with awards from British Expertise, the Association of Project Management, the International Federation of Consulting Engineers, the Institution of Civil Engineers, and the UK Association for Consultancy and Engineering.

Since 2014, we have managed the DFID Humqadam Programme in Pakistan. This programme is also known as the Schools Construction and Rehabilitation Programme (SCRP). We work on selected classrooms and other facilities - not the entire school - in two provinces.

IMC detailed analysis and testing, which DFID and its specialist experts are reviewing, indicate that classrooms at **1031 schools out of 1389** have been deemed safe and are in the process of being handed back to the local authorities as COVID restrictions and DFID confirmation allow. 358 schools currently require some retrofitting. Retrofitting works will commence as soon as DFID signs off and the works programme is agreed. None of the classrooms under review are occupied and children and teachers are safe. Classrooms deemed safe are now being handed over to the education authorities.

IMC exists to make life better for people. We would never put children and teachers at risk so throughout this process we have taken a cautious and conservative approach. We have undertaken comprehensive checks of all school designs to identify potential issues which have been reviewed by DFID technical advisors. The expert partners of DFID and IMC researched a very complex and dynamic mix of building codes, standards and designs and carried out extensive laboratory and field testing. This work required time for brickwork panels to be built and tested and much peer review but has resulted in a new body of knowledge and leading-edge science for construction projects in developing countries.

Safe places to study were provided for all schoolchildren affected throughout this process. We developed detailed individual plans with each school affected in close liaison with the school management, the provincial government and DFID. The majority of children used other facilities at their own school. 210 schools required temporary classrooms which IMC provided together with fans, low energy lighting, plastic flooring and whiteboards to ensure the education environment is acceptable.

Background

A design review conducted by University College London using mathematical modelling was shared with IMC in May 2019. This review identified some issues regarding the design and construction of some of the schools, namely:

- Concerns over a type of brickwork bond used in wall construction called Chinese Bond. The review recommended testing to confirm the strength of the masonry bond and materials.
- The overall compliance of confined masonry building design used in some of the buildings with codes and best practice requirements.

IMC acted swiftly on the findings of the design review:

- We commissioned independent, expert consultants to review these designs and advise on the development of retrofitting methods suitable to the Pakistan construction context.
- As a further precaution we hired the structural analysis consultants that wrote the software that UCL used to test all designs. This has given us a more robust view of building structural behaviour and compliance.

- We engaged reputable Pakistani universities and highly regarded experts to test and analyse the Chinese Bond masonry construction and materials.
- We worked with local governments to provide alternative learning environments whilst we tested designs, and if necessary, whilst we carry out any improvement works. All children will continue their lessons at school whilst improvement works proceed.

Now

We have developed a comprehensive retrofitting plan for the schools affected, subject to COVID restrictions and DFID sign off. Implementation work will commence in the next few weeks and should be completed 30 April 2021.

We would also like to make some important details and factors clear:

- The original plan was to use modular designs for primary school classrooms which would be built by local communities. However, the government of Khyber Pakhtunkhwa, Pakistan, requested upgrades to 364 Higher Secondary Schools (HSS), including construction of many other facilities which DFID agreed to. This change in scope had a significant impact on the programme. It meant the 'modular' design would not work. Some higher secondary schools required an extra 30-40 classrooms with additional facilities. Construction by local communities was not possible in the project time frame and with the changes in design scope. Conventional contracting was required, but as a result the cost of classroom construction increased.
- DFID wanted IMC to introduce innovative techniques to improve the education environment in the classrooms, reduce costs and carbon emissions. In response to this, IMC proposed the Chinese Bond technique as it is used extensively and successfully in earthquake prone areas in India – including in a large DFID-funded programme.
- Building designs were approved by engineering consultants registered with the Pakistan Engineering Council. This is a legal requirement in Pakistan.
- DFID hired specialist third party consultants to verify design integrity and quality on site throughout the programme. As issues were raised, IMC responded fully.
- IMC passes on approximately two thirds of the budget to construction companies in Pakistan. On average we receive about one third of the total budget for technical assistance (TA) - but much of this goes to external suppliers. This level of TA reflects the scale of the programme, the numbers of schools and the challenging terrain. It covers project expenses (approximately 26% include office costs, vehicles and travel, accommodation and security); overall programme management and procurement of the works; overseeing works on site at more than 1300 locations over a 130,000 km² area; administering contracts; managing community committees; environmental assessment; liaison with the education authorities; monitoring progress and evaluating impact. The company typically makes around 3.5% of annual turnover as profit.