



Trainers' Notes
Rural Transport Training Materials

Module 2: Planning, Design, Appraisal and Implementation

Part 1

Case study from Uganda Small scale contractor development

Part 2

A comparison of four contractor development programmes: Case Study

SESSION 2.4



SSATP
Africa Transport
Policy Program



DFID Department for
International
Development



theIDLgroup

<p>Session Objectives</p>	<p>By the end of the session participants will be able to:</p> <p>Technical paper</p> <ul style="list-style-type: none"> 🌐 Explain the rationale behind the privatisation of the road construction industry 🌐 Describe the problems facing small scale contractors 🌐 Analyse the nature of the issues related to the 'institutional framework for privatisation' 🌐 Identify various options for the development of the support frameworks for privatisation <p>Case study</p> <ul style="list-style-type: none"> 🌐 Describe four approaches developed to increase private sector contracting capability 🌐 Develop lessons from the case studies that may be applied to other regions.
<p>Rural Transport Knowledge Base materials used with this session</p>	<p>Small scale contractor development Based on: P.Larcher. Institutional Framework for Road Sector Privatisations</p> <p>A comparison of four contractor development programmes Based on: P.Larcher. Privatising Road Maintenance in Developing Countries. A Review of Project Experience</p>
<p>Training Materials</p>	<p><u>Presentations</u></p> <p>2.5a Small scale contractor development</p> <p>2.5b A comparison of four contractor development programmes: Case Study</p> <p><u>Activity sheets</u></p> <p>42 An institutional framework for privatisation</p> <p>43 Increasing private sector contracting capability</p>

Structure of Session 2.

<i>Key Topics</i>	<i>Training Methods</i>
Part 1	
1. Introduction	Presentation
2. The need for a framework to govern private contracting	Q & A Presentation
3. Problems facing small contractors	Ideas Gathering Presentation
4. Institutional framework in developing countries	Presentation
5. Construction industry in developing countries	Q & A Presentation
6. Development of the support framework 6.1 Overview of the concepts 6.2 Exploring four approaches	Case study Activity Presentation
Part 2	
7. Case Study 7.1 Introduction 7.2 Exploring a range of initiatives 7.3 Summary of the experiences of these four initiatives	Case Study Activity Presentation
Summary of session 2.5	

Trainers' Summary

This session is divided into two parts:







Part 1 is based on the technical paper: Small scale contractor development

Part 2 is based on the case study: A comparison of four contractor development programmes



Session 2.5 Trainers' Notes

Part 1


1. Introduction


<i>Training Methods</i>	<i>Content</i>	<i>Materials</i>
Presentation 	<p>Introduce the first part of session by explaining the learning objectives and session structure.</p> <p>The first part of this session is based on the technical paper: Small scale contractor development.</p> <p>This part of the session focuses on the privatisation of the contracting sector and the problems faced by small contractors in particular. The need for an institutional framework to support the establishment of a private contracting sector is discussed. The changing roles of key actors, government in particular, are also explored. Experiences from four projects in South Africa, Tanzania and sub-Saharan Africa, illustrate different approaches that have been developed in an attempt to build the much-needed support framework.</p> <p>Key points:</p> <p>Session Overview Part 1</p> <ul style="list-style-type: none">  The need for a framework to govern private contracting  Problems facing small contractors  Institutional framework in developing countries  Construction industry in developing countries  Development of the support framework 	Presentation 2.5a Slides 1 - 5

2. The need for a framework to govern private contracting


Training Methods	Content	Materials
<p>Q & A</p> 	<ul style="list-style-type: none"> Facilitate a discussion on the rationale for the privatisation of the road construction industry. Begin the discussion by asking: <i>Why has there been growing interest in privatisation of the road construction industry, and the use of small contractors in particular?</i> Note the participants' comments on flip chart. The key learning points are discussed below. 	<p>Flip chart pens</p>
<p>Presentation</p> 	<p>Summarise and build on the main points above and using the presentation.</p> <p>Key Points:</p> <ul style="list-style-type: none"> Historical focus on road network building post-independence for many developing countries Reliance on international funding and lack of resources for further investment and road maintenance Growing interest in stimulating private sector investment, but there have been problems with <ul style="list-style-type: none"> ✓ contracting procedures ✓ industry support framework A framework is an essential requirement - to help address the issue of the 'missing middle' - where the industry is serviced by a few large contractors and many small contractors Problems relate to lack of proper contracting procedures 	<p>Presentation 2.5a Slides 6 - 11</p>

3. Problems facing small contractors


<i>Training Methods</i>	<i>Content</i>	<i>Materials</i>
<p>Ideas Gathering</p> 	<p>Begin this part of the session by exploring with participants the whole range of problems faced by small contractors. Bring together as wide a range of ideas as possible. Encourage participants to draw on their experiences.</p> <ul style="list-style-type: none"> ③ Write the phrase “problems faced by small contractors” on flip chart ③ As for one or two word contributions from participants – noting their responses on the flip chart ③ When all comments have been made, ask the participants to assist you in dividing the list into the following categories: <ul style="list-style-type: none"> ≈ financial ≈ contractual ≈ managerial 	<p>Flip chart, pens</p>





<i>Training Methods</i>	<i>Content</i>	<i>Materials</i>
<p>Presentation</p> 	<p>Summarise the key issues raised in the discussion above, using the presentation slides.</p> <p>Key Points:</p> <ul style="list-style-type: none"> ④ Lack of access to & difficulty in obtaining credit ④ High financial turnover ④ Need long term capital to cover costs of expanding the business, and financing the purchase and depreciation of equipment ④ State-owned construction enterprises received financial support from other government departments ④ Poor contract documentation ④ Poor work continuity gap of many months between contracts nature of the road authority - accustomed to undertaking work when financial resources are available ④ Difficulty in recruiting suitably trained labour and supervisors ④ Poor availability and/or high costs of construction materials ④ High capital cost of equipment and high loan interest rates ④ Lack of construction equipment for hire and difficulty in obtaining equipment spares ④ Poor on site supervision and availability of road authority staff to address queries 	<p>Presentation 2.5a Slides 12 - 13</p>

4. Institutional framework in developing countries

<i>Training Methods</i>	<i>Content</i>	<i>Materials</i>
<p>Presentation</p> 	<p>Describe the nature of the institutional framework for private sector construction industry and the organisations involved.</p> <p>Key Points:</p> <ul style="list-style-type: none"> ④ The institutional framework consists of a tripartite arrangement between client, contractor and consulting engineer ④ Suitable contractual procedures are vital ④ Other support organisations are essential to enable the industry to function and develop new techniques and materials and improve productivity ④ Relationships between the stakeholders in the construction industry are complex ④ The range of organisations includes: <ul style="list-style-type: none"> ✓ trade organisations ✓ contractors / Consultants Associations ✓ learned Societies ✓ education, training and research organisations ✓ government 	<p>Presentation 2.5a Slides 14 - 15</p>


5. Construction industry in developing countries






Training Methods	Content	Materials
<p>Presentation with Discussion</p> 	<p>Facilitate a discussion on the nature of the construction industry in general, highlighting the differences between developed and developing countries. Discuss the problems faced by the industry and the changing role of government as the interest and move to privatisation increases. Ask questions like: What are the institutional and capacity problems faced by the construction industry? Why is the support framework for the roads sector poor in developing countries?</p> <p>Key Points:</p> <ul style="list-style-type: none"> ④ The construction industry faces two fundamental problems: <ul style="list-style-type: none"> ✓ lack of a consulting engineering profession ✓ poor capacity within the support framework to assist the contracting sector ④ The 'balance of power' between the three main stakeholder groups in developing countries has a major impact on the development of the <i>small contractor</i> businesses in the sector ④ The poor support framework in developing countries is links to: <ul style="list-style-type: none"> ✓ limited resources ✓ insufficient training for construction sector personnel <p>Continued...</p>	<p>Presentation 2.5a Slides 16 - 23</p>


Training Methods	Content	Materials
	<p>...Continued:</p> <p>Key Points:</p> <ul style="list-style-type: none">  The tripartite system does not work in developing countries because there is no consulting engineering profession – which is needed particularly to provide support to contractors and clients in drawing up proper contracts and associated documentation.  Government's role is changing – they rarely instigating road works themselves, and are contracting the work out. The problem is the agencies lack the skills and procedures to draw up and manage such contracts.  Long term improvement in education and training, and the development of the support framework in the medium term,  In the short term, a lower level of support must be provided – this is vital to the privatisation process. 	

6. Development of the support framework


Training Methods	Content	Materials
<p>Presentation</p> 	<p>6.1 Overview of the concepts</p> <p>Provide a brief outline of the four projects that will be examined. These projects represent examples of various approaches that have been developed in an attempt to address the problems faced by a limited support framework.</p> <p>Key Points:</p> <ul style="list-style-type: none"> ☉ There is a need to initiate and develop organisations which can provide the support framework. ☉ Four case studies: <ul style="list-style-type: none"> ✓ Khuphuka - South Africa ✓ TACECA - Tanzania Civil Engineering Contractors Association ✓ ASIST - Advisory Support, Information Services and Training ✓ MART - Management of Appropriate Road Technology 	<p>Presentation 2.5a Slides 24 - 25</p>


Training Methods	Content	Materials
<p>Case Study activity in groups</p> 	<h2>6.2 Exploring four approaches</h2> <p>The purpose of this activity is to explore and draw on the experiences of these four projects, focusing in particular on their approaches, and the advantages and limitations for enhancing the support framework, for the privatisation of the construction industry.</p> <ul style="list-style-type: none"> ③ Divide the participants into four groups, and give them Activity Sheet 42 ③ Explain that each group will work on just one of the projects ③ Give each group the activity sheet that corresponds to their case study project. ③ For their given project, ask participants to discuss the following points: <ul style="list-style-type: none"> A. <i>Describe the essence of the approach being developed by the project.</i> B. <i>What are the potential advantages and limitations?</i> ③ Ask the groups to prepare their findings on flip chart and to elect a person to present the finding. ③ Each group presents their findings to the plenary. ③ Facilitate a discussion on the findings and draw out the key learning points. The key learning points are discussed below. 	<p>Presentation 2.5a Slide 26</p> <p>Activity Sheet 42</p>




Training Methods	Content	Materials
<p>Presentation</p> 	<p>Summarise the key learning points using the presentation slides. Highlight the differences and similarities in approach between the 4 projects.</p> <p>Key Points:</p> <ul style="list-style-type: none">  Khuphuka - South Africa <ul style="list-style-type: none"> ✓ the concept ✓ create <i>employers</i> who will in turn create employment ✓ prospective employers are members of local communities  TACECA - Tanzania Civil Engineering Contractors Association <ul style="list-style-type: none"> ✓ aimed to raise the capacity and capability of local contractors to a level where they can handle any construction project within the country ✓ membership was Tanzanian contractors: large companies to small one-man enterprises  ASIST - Advisory Support, Information Services and Training <ul style="list-style-type: none"> ✓ joint ventures between large & small contractors ✓ provides a support framework for small contractors ✓ large contractors support the scheme  MART - Management of Appropriate Road Technology <ul style="list-style-type: none"> ✓ aimed to reduce the costs of constructing, rehabilitating and maintaining road infrastructure, and vehicle operations in developing countries 	<p>Presentation 2.5a Slides 27 - 41</p>




<i>Training Methods</i>	<i>Content</i>	<i>Materials</i>
<p>Presentation</p> 	<p>Concluding Remarks</p> <p>Summarise the key lessons learnt from the first part of the session; highlighting the need for change, and the difference between a state and private sector approach for roads construction and maintenance.</p> <p>Key Points:</p> <ul style="list-style-type: none"> Change the <i>role</i> of the government road authority from an executing agency to a contract supervisory agency <i>Attitude</i> change from a state owned to a private sector approach Institution building 	<p>Presentation 2.5a Slides 42 - 43</p>


7. Case Study

Training Methods	Content	Materials
<p>Presentation</p> 	<p>7.1 Introduction</p> <p>Introduce the second part of this session explaining the objectives with a brief overview of the topics to be covered.</p> <p>This part of the session explores experiences from four countries that represent a cross section of contractor development projects. The main goal of each project is to increase the private sector contracting capability. Their secondary goals differ, as does the type of international assistance they each receive.</p> <p>Key points:</p> <p>Session Overview Part 2</p> <ul style="list-style-type: none"> Exploring a range of initiatives A summary of experiences and lessons 	<p>Presentation 2.5b Slides 1 - 3</p>

Training Methods	Content	Materials
<p>Case Study activity in groups</p> 	<h2>7.2 Exploring a range of initiatives</h2> <p>The purpose of this activity is to compare the experiences of four programmes established to develop private sector contracting capacity.</p> <ul style="list-style-type: none"> ④ Divide the participants into four groups. ④ Explain that each group will work on just one of the projects (case study countries) ④ Give each group Activity Sheet 43 and the page that corresponds to their case study country. ④ For their given project, ask participants to discuss the following points: <ul style="list-style-type: none"> <i>A. Describe the design of the project.</i> <i>B. What added value does the project bring to the process of contractor development?</i> <i>C. What are the potential draw backs of the approach used by the project?</i> ④ Ask the groups to prepare their findings on flip chart and to elect a person to present the finding. ④ Each group presents their findings to the plenary. ④ Facilitate a discussion on the findings and draw out the key learning points. The key learning points are discussed below. 	<p>Presentation 2.5b Slides 4 - 5</p> <p>Flip chart, pens</p> <p>Activity sheet 43</p>

Training Methods	Content	Materials
<p>Presentation</p> 	<h3>7.3 Summary of the experiences of these four initiatives</h3> <p>Summarise the experiences from the four countries.</p> <p>Key points:</p> <ul style="list-style-type: none">  Ghana <ul style="list-style-type: none"> ✓ project started in 1986 & mainly funded by UNDP and the World Bank ✓ objectives of the Labour Based Programme: to improve rural accessibility, Increase contracting capacity, create rural employment ✓ consists of a training programme for contractors, plus provision of loans ✓ the project attempted to operate these contracts under a competitive tendering system but they had problems with cartels, which forced the Department of Feeder Roads to adopt a schedule of rates for the initial 4 year period  Lesotho <ul style="list-style-type: none"> ✓ started in 1977: Labour Construction Unit (LCU) ✓ aim was “to promote and propagate the use of efficient labour intensive methods and create as much gainful employment as possible in the country” ✓ consists of a training programme for contractors ✓ contractors give a set of tools – which were repaid ✓ expected to hire equipment themselves ✓ contracting trial period of 6 months <p>Continued...</p>	<p>Presentation 2.5b Slides 6 - 22</p>

Training Methods	Content	Materials
	<p>...Continued:</p> <p>Key points:</p> <ul style="list-style-type: none">  South Africa <ul style="list-style-type: none"> ✓ started 1993 - Reconstruction and Development Programme ✓ many projects emerged - all aimed to develop the employment & business prospects of the indigenous population ✓ two projects were examined here: <ul style="list-style-type: none"> ≈ Soweto Contractor Development Programme (CDP) ≈ Winterveld Presidential Project ✓ the objectives of both projects were employment creation, transfer of marketable skills to contractors, improving the infrastructure in the area ✓ both consisted of training <ul style="list-style-type: none"> ≈ The CDP approach focused on larger more experienced contractors providing support and mentoring for smaller ones ≈ The Winterveld project developed a tiered contract structure through which contractors could progress as they gained experience  Tanzania <ul style="list-style-type: none"> ✓ established in 1992 as The Labour Based Road Contractor Training Project (LBRCTP) ✓ objective was to establish a labour based contracting capacity ✓ consisted of a training programme ✓ contract work was undertaken with hired equipment ✓ a loan covering 30% of the contract costs was given at the start of the contract  Conclude this section by summarising the important issues raised and the key lessons learnt 	



<i>Training Methods</i>	<i>Content</i>	<i>Materials</i>
	<p>Summary of Session 2.5</p> <p>Conclude this session by reviewing the issues explored and the key lessons learnt, highlighting areas that may need further investigation or discussion.</p>	