International Labour Organization

EIIP

Capacity Building for Contracting

Institutional Assessment and Contractor Tracing Study

A study to assess the approaches used in capacity development for contracting using emerging contractors applying labour-based approaches

SUMMARY OF KEY ISSUES

23 April 2010

Contents

This Institutional Assessment and Contractor Tracing Study has been commissioned by the ILO's Employment Intensive Investment Programme (EIIP). The here presented Summary of Key Issues includes the major findings from 11 country surveys carried out between November 2008 and March 2010. The data presented in the country reports have been analysed and abstracted for this summary. The following countries are represented: Cambodia, Ghana, Indonesia (Aceh and Nias), Kenya, Lesotho, Madagascar, Nicaragua, South Africa, Tanzania, Uganda and Zambia. A full account of the study results will be provided in the Summary Report.

Gratitude is expressed to the EIIP for organising the study and providing the necessary coordination and guidance, the ILO staff who have facilitated the country studies, the consultants and ILO staff who have carried out the country surveys as well as all interviewees, partners and colleagues who have assisted in collecting and processing all the information.

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23 April 2010

institutional assessment and contractor tracing study

key findings

01 The Study

Rationale

Local resource-based approaches, commonly expressed as 'labour-based' (LB), have in the past been successfully exercised through force account works in a number of countries. It was relatively easy to establish common standards, work methods and procedures through central government controlled projects. The shift to more decentralised projects and private sector execution, however, has been a major challenge. Adequate management, contracting and working procedures for locally managed projects and executed by small-scale and/or emerging consultants and contractors had to be developed and tested first.

Numerous governments together with development partners took up these challenges and introduced projects for the development of:

a) local capacities with central and decentralised governments or project/contract management agencies,
b) appropriate management approaches and procedures, and
c) local small-scale contractors and to some degree local consultants.

The ILO through the Employment Intensive Investment Programme (EIIP) has been at the forefront in the development of appropriate approaches and systems as well as in the implementation of numerous contracting development projects. The first of its kind was the "Ghana Project" that started in 1986. This pilot project was followed by many similar projects in Africa, Asia and Latin America.

Most of these projects were meant to assist in the development of local capacities to manage decentralised projects through improved planning, design, contract documentation, supervision and management. They would generally facilitate an improvement to the enabling environment. The other main aim was to create a cadre of capable domestic contractors and private sector competence.

This study has been carried out to establish whether or not:

- the enabling environment has been developed such that these contractor firms and consultants survived beyond the project frame,
- the enterprises were able to sustain themselves in the open market,
- they still apply a local resource-based work approach.

Study objectives

The study addresses the extent to which the EIIP contracting development approach has been effective in improving delivery capacity for infrastructure development.

Within this context, the objective of the study is to assess and compare the approaches used in capacity building projects for contracting civil works and the respective results achieved with respect to:

- Establishment of an enabling environment in the sense that local institutions have developed adequate capacity to manage infrastructure development and utilise the capacity of the local private sector;
- Development of small-scale labour-based contractors (and consultants) with regard to their further development and success beyond the project frame and in the open market, and
- Employability of trained personnel from implementing agencies and pri-

vate sector.

In this respect the study also investigates the reasons for success an/or failure and the lessons that can be learned.

Study approach

The study has been initiated and controlled by the Employment Intensive Investment Programme (EIIP) branch of the ILO, Geneva. The EIIP engaged an international expert for the overall study coordination and preparation of the final summary report. National country consultants or ILO project teams carried out the survey in the particular countries under the guidance of the study coordinator.

ILO officials contracted and supervised the national consultants and coordinated the study process in the respective countries.

Country studies were carried out in Ghana, Lesotho, Kenya, Madagascar, South Africa, Tanzania, Uganda, Zambia, Cambodia, Indonesia (Aceh and Nias) and Nicaragua.

The consultants and ILO project teams were advised to apply the following methodical approach by using standard questionnaires and interview checklists:

- Tracing and reviewing project documents
- Collecting General Project Data
- Analysing the Project Environmental Situation
- Carrying out Interviews
- Analysing Survey Results
- Assessing Sustainability Issues
- Drawing Conclusions and Identifying Lessons Learnt
- Preparing the Country Survey Report

The individual country survey reports were screened to ensure comparable data.

Conditions affecting the development of the construction sector

In the seventies and early eighties labour-based, mainly rural roads, projects were usually operated by central government force account units (direct labour) and initiated / financed by donor agencies. The expectation then was besides providing much needed rural access, to create meaningful local employment for underprivileged rural communities. The results of these mainly donor driven projects were generally positive (Kenya, Malawi, Lesotho, Botswana, Tanzania etc.) and the approach was generally appreciated. However, in most cases the labour-based approach remained within the parameters of projects and was in none of the cases mainstreamed within the construction sector as a measure to contribute towards a national socio-economic goal.

In the late eighties and nineties and until now many developing countries have been undergoing massive restructuring / reform programmes. The result is, among many others, that government departments change their role from being sole providers of public infrastructure to becoming enabling authorities, while the private sector executes the works. Usually this is coupled with efforts to decentralise government structures, roles and functions.

Over the last two decades many governments changed from direct work execution to contracting. The respective government departments have become policy and regulatory authorities while the private construction sector had to take over work implementation. In many countries the transition is still ongoing and is at the same time closely coupled with decentralisation efforts. This has and still is creating interest conflicts among the authorities and sector partners. To operate within an area of divergence has been challenging and was and still is in many cases characterised by an institutional and operational vacuum.

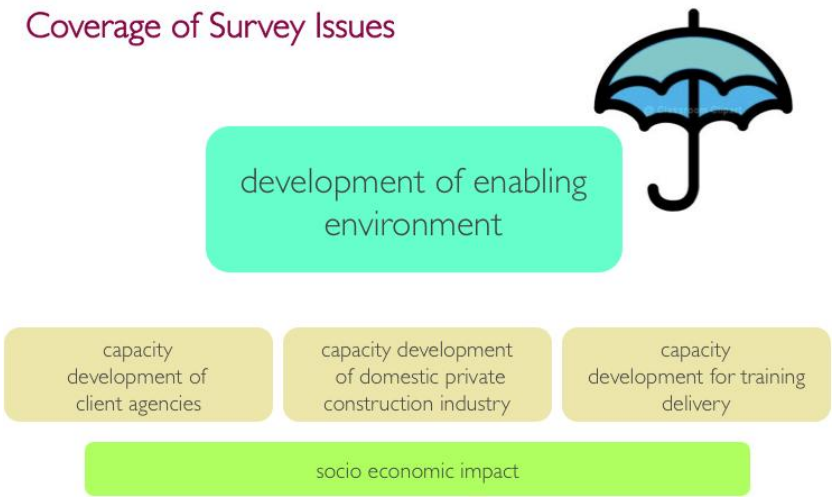
While the conditions, in which infrastructure development works are being carried out, have significantly changed, the principal expectations of support partners (donors) and government departments are still the same; contributing to improve the socio-economic situation of the poor by providing meaningful employment for underprivileged communities by using locally available resources. At the same time the expectations have become more ambitious

in the sense that mainstreaming local resource-based methods through adequate policies, respective implementation strategies and effective operational modalities has been anticipated. In response to this there are a number of questions that the study would like to address:

- Have the changed framework conditions been adequately recognised and integrated into project planning and implementation?
- Have the apparent limitations encountered in most projects been recognised and consequently have the objectives been adjusted to a more realistic scenario?
- Are adequate measures, projects, programmes and skills being developed and implemented for a more sustainable approach?

Survey coverage

The survey covers the main elements that contribute to the development of a sustainable domestic construction sector as shown in the graph:



02 Country Projects and Programmes

General

The study does not cover all countries and all projects that have dealt with local contracting development in the past, but covers a representative selection, which allows drawing meaningful conclusions and developing recommendations that can be useful for the design and implementation of similar projects and programmes.

The study includes eight countries from Africa (apart from Madagascar all Anglophone), two countries from Asia and one country from Central America. Brief portraits of the surveyed countries and projects including major project achievements and challenges are provided in the Annex to this paper.

03 The Key Findings

Developing an enabling environment

General economic changes:

- Although most countries show an increase in average economic development (GDP), the disparity between rich and poor increases inequality, e.g. people earning below $2/day = 52% (Indonesia) and 85% (Madagascar).

Increased decentralisation process:

- There is a significant governance vacuum due to missing adequate implementation strategies and local capacities.
- The private sector is not well represented at local (district) level with a constrained capacity to perform.

National labour-based policy for public infrastructure works:

- Most countries have no national policy and/or implementation strategy in place.
- From the surveyed countries only Kenya (R2000) implements a LB policy and South Africa has adequate policy coverage.

National policy to support the development of the private construction industry:

- Overall policies in one way or other exist, BUT there are no particular policies to develop locally based, emerging and small-scale contractors and consultants apart from South Africa.

Strategies to implement LB works by implementation agencies:

- Current institutional reforms lack in most cases particular LB work implementation strategies and inter-sector coordination, e.g. national planning, monitoring and evaluation unit.
- Dedicated regulatory and implementation systems for LB works at central and local government levels are not or only partially available.

Development trends for the construction sector:

- The Construction sector growth is evident in all countries and provides significant employment opportunities.
- There is a potential increasing market for local contractors and consultants, BUT there is still a dominance of foreign and large-scale companies in most countries while locally established LB contractors lack continuity of work.
- Local (decentralised) capacities to undertake or manage works are in most countries limited, both in the local government and private sector.
- The volume of LB works differs, e.g. Kenya, Madagascar and South Africa increasing; Cambodia, Lesotho, Ghana, Uganda decreasing; Tanzania and Zambia fluctuating.

Labour-based methods; development and acceptance:

- There are signs of increased application of LB methods, mainly for maintenance works, e.g. in Zambia, Tanzania, Kenya, South Africa.
- There is the tendency to, ‘come and go’ with donors‘ inconsistent initiatives through special projects rather than coordinated national programmes.
- Even if policies include LB approach, implementation and mainstreaming strategies are missing in most cases or remain within one sector alone (roads).
- The LB approach is not sufficiently utilised to create maximum local employment opportunities and to utilise other locally available resources.

Institutional development of government sector:

- Institutional reforms are complete or ongoing, (e.g. in Ghana, Tanzania, Uganda, South Africa), in other countries they are not yet or just started, (e.g. Kenya, Zambia, Cambodia).
- Due to increased decentralisation measures local budgets for infrastructure works are increasing.

- The scope of management tasks and responsibilities at local levels is increasing in parallel.
- The capacity to manage funds and implement projects at local levels is in most cases strained.
  - There are a limited number of capable technical and managerial local government staff.
  - There are few locally established consultants and contractors.

Trends in fraudulent project management:

- No particular survey was carried out to measure fraudulent practices in the construction sector of the surveyed countries.
- One country reports (Zambia) states: 'corruption is a major inhibiting factor and must be tackled at all levels…'.
- The Corruption Perception Index of Transparency International indicates that corruption is a major constraint affecting the construction sector in ALL surveyed countries.

Corruption Perception Index 2009; from 180 country ranks:

Country	*Rank*	*CPI*
New Zealand	1	9.4
South Africa	**55**	**4.7**
Ghana	**69**	**3.9**
Lesotho	**89**	**3.3**
Madagascar	**99**	**3.0**
Zambia	**99**	**3.0**
Indonesia	**111**	**2.8**
Tanzania	**126**	**2.6**
Uganda	**130**	**2.5**
Nicaragua	**130**	**2.5**
Kenya	**146**	**2.2**
Cambodia	**158**	**2.0**
Somalia	180	1.1

Developing implementing agencies

Institutional development

- Some countries have created departments / road authorities specifically for rural roads with a mandate to utilise locally available resources.
- The capacity of local (decentralised) implementing agencies is in most cases limited or very limited due to insufficient capable staff, under funding, lack of authority, corruption etc.
- Specific units dealing with research, development and dissemination of LB technology seldom survive beyond donor support programmes.

Staff development

- Most implementing agency staff consider participation in LB projects as an advantage in terms of useful training and gaining extra experience but not necessarily for career development.
- Some believe working for a LB unit/institution lacks recognition and can hamper career opportunities in the private sector.
- Some left their parent agency after having been trained by projects for better paid jobs or started their own consultant/construction firm. This has negatively affected the development of decentralised government agency development, e.g. Zambia, Kenya, and Tanzania.

Barriers for better performance (data only from KE, GA, LE, ZA, Aceh)

- Understaffing for key roles is universal.
- Important policies, work strategies and management systems are not in place or not implemented.
- Decentralisation of infrastructure management systems between funding agencies, local authorities and community levels is not yet fully achieved in most cases.
- No human resource development policy and plan is in place or not implemented.
- LB Training is not linked to promotional scheme.

- Lack of recognition is apparent when working for a LB unit / department.

Developing the private construction sector

Development of professional associations

- In some countries contractor associations are active and represent /support small and medium scale contractors, e.g. Tanzania, Zambia, South Africa.
- Most countries have no effective contractor association or only for large scale firms, e.g. Ghana, Kenya, Cambodia, Lesotho, Aceh & Nias, Uganda, Madagascar, Nicaragua.
- Separate associations for LB contractors were formed in a number of countries but none of them remained effectively operational beyond project/donor support.
- None of the existing national associations has a particular LB policy and implementation strategy.
- In most cases associations have no specific support programme for emerging and small-scale contractors or consultants.

Creation of separate LB contractor registration class

- In some countries a separate class for LB contractors exists, e.g. Tanzania, Ghana, Lesotho, Kenya, Uganda.
- Registration in some countries is through a special contractor registration board, in others through ministries and/or district tender boards.

Number of trained / registered LB contractors and consultants

- In most countries there are relatively few as compared to the total number of contractors, e.g. Kenya & Tanzania = 5% to 10%, Ghana = 2%, Aceh = 4%.
- No particular effort was made to develop nationally/locally based consultants in most projects, apart from Zambia where 6 consultants were trained.

LB work continuity; Contract volume for LB as compared to total volume for road works

- Example Kenya: 40% of total maintenance budget is allocated to LB.
- Example Tanzania: TANROADS special budget item exists for LB maintenance.
- Most other countries have no particular allocation for LB works.

LB work continuity; Number of trained contractors still in operation today

- In some countries quite a number still operate as LB contractors, e.g. Kenya, Madagascar, Aceh & Nias.
- In other countries few remain operating as LB road contractors, e.g. Zambia about 25% of trained contractors still involved with LB works and none of the trained consultants.
- Some have managed to diversify and survive in other construction fields than LB works.

Opportunities, diversification and growth

- Most contractors who were able to continue working beyond the original project diversified to other construction works, e.g. Lesotho about 70% of interviewed contractors, Zambia nearly all.
- Ghana and Cambodia; some shifted to equipment based operations with significantly higher annual turnover.
- Machine based / mixed operations are generally perceived to provide higher turnover and more profit than using conventional LB Methods.
- A few accelerated to become medium size or large-scale contractors.

Training impact

- All respondents indicated the usefulness of the training received and wished more training for themselves and their site supervisors could be made available.
- Contractors have difficulty in retaining their trained site supervisors.
- Training is not accredited and rarely officially recognised in most cases.

Barriers for better performance (data only from KE, GA, LE, ZA, Aceh)

- Bank finance is difficult to obtain.
- Bank interest rates are too high.
- Long delays are experienced in receiving payments.
- No work continuity exists.
- Corruption and fraud are common (in some countries; Zambia, South Africa, Madagascar).

'Low-Problem Barriers'

- Lack of equipment available for hire.
- Tender procedures and contract award are too cumbersome and biased.
- Corruption and fraud exist (in some countries; e.g. Kenya, Tanzania Ghana, Lesotho)

Developing skills and training capacity

- In some countries specific LB/contracting training centres have been established and performed very well in providing training, e.g. Ghana, Lesotho, Kenya, Tanzania, Uganda.
- Most training centres still depend on external support and are not self-financing and therefore sustainability is questionable (Madagascar is an exception!).
- Some training centres no longer provide LB training, e.g. Lesotho, Ghana.
- In some countries/projects training was provided by the ILO or project consultants, e.g. Aceh & Nias, Cambodia.
- In South Africa private training providers have been engaged.
- The LB approach has been absorbed in some civil engineering curricula but is missing in others.
- Craft training programmes that include LB technology are missing (except in Kenya)

Conclusions and lessons learnt

General

- The projects have given a significant number of emerging and small-scale contractors a chance to get trained and enter the construction market. Many young people and women have been given an opportunity, which they otherwise would not have had.
- The LB contract work has created recognisable short-term employment opportunities for poor communities and given them a chance to invest their earnings in meaningful activities. LB works are now considered an important and effective measure to enhance economic growth and reduce poverty. Thus initiatives for sustaining and promoting such approaches must be established to be able to continue in the fight against poverty.
- While projects have been successful during their project time frame, environmental conditions are still not sufficiently conducive to allow the domestic and decentralised construction sector to prosper and further develop.

Sustainability

- Generally all projects were successful in delivering the anticipated skills development through training, developing appropriate contracting systems, constructing roads (and other infrastructure in the case of Madagascar and Nicaragua) and raising awareness among stakeholders.
- A sustainable impact, however, is not evident in most countries. South Africa and Madagascar may be exceptional, while in Kenya a revival of LB contracting on a national scale can be observed.
- Adequate LB policies are either not in place or are not supported by effective implementation strategies. Equally, development policies for a strong domestic and decentralised construction sector are in most cases missing. Synergies between LB policies and construction sector development policies are not established.
- Affirmative commitment from policy and decision making levels is weak in most cases. Employment intensive policies are not enough. Development policies for small-scale and emerging construction firms and respective effective implementation strategies are urgently required.

- Training for government (client) staff had no particular impact on policies and strategies for the application of LB methods.
- Most projects were confined to a small niche of the overall construction sector (LB rural road works only). The LB concept pursued over the last three decades has been too much focused on creating its own niche and therefore mainstreaming of the LB approach is still not achieved.
- Sector skills development and retention are not viewed as a vital sector investment, therefore training and experience development initiatives are not adequately or sustainably funded.

Development of Private Construction Sector

- All projects were successful by training a significant number of contractors' and client staff = successful capacity development on a personal level!
- There were no projects or programmes that seriously looked at developing a country's domestic construction sector in its totality.
- The hope that the LB approach could be sustained through the development of local small-scale contractors did not materialise in most cases. In fact, the LB approach came and went with donor driven projects, with the exception of a few cases where the LB construction approach was supported through national policies and adequate implementation strategies, e.g. South Africa and Kenya.
- The impact in terms of increased local institutional capacity and increased private construction sector capacity beyond the project frame has been limited in most cases.
- Unfavourable 'enabling' framework conditions are generally the main reasons for limited impact and sustainability.
- After the projects ended, some contractors managed to diversify to other construction works and gradually developed their capacity further.
- There are good examples where small-scale contractors managed to become successful contracting firms.
- However, many of the emerging contractors never really made it beyond the project. The reasons are many, but the main cause is a non-conducive environment for private sector development.
- Work continuity for contractors has not come from LB works, but either from equipment based road works or operations in other construction sectors. There is no reliable LB market in any of the surveyed countries!

Development of Training Capacity

- Training has been very much appreciated and everybody wishes to receive more! Training has generally been successful to develop personal knowledge and skills and therefore increased the 'marketability' of the individuals.
- A permanently institutionalised, accredited and sustained training capacity for LB methods, small-scale contractors and consultants is not yet ensured in all cases.
- Mentorship and continuous support as a much-needed follow up to successful basic training is lacking within the construction sector.
- Mainstreaming of LB issues into all levels and sectors of education and training remains a challenge!
- An effective research and dissemination capacity is a prerequisite for development of the technology but is currently limited and in most cases not integrated with training and educational institutions.
- Training monitoring is weak in all cases and thus it is difficult to find reliable statistical data and training records. It is therefore extremely difficult to follow-up with further training initiatives, prepare recommendations for certification, prepare shortlists for potential jobs and to have ammunition to take appropriate action to effectively lobby for LB works by small scale locally-based contractors.

04 The Way Ahead

Deriving from the study results a number of dedicated and partly major initiatives ought to be taken, especially with an aim of mainstreaming local resource based work approaches and continuing developing a locally based and effective construction sector. Recommended measures include:

Creating the Enabling Environment

- Developing and enacting policies that will favour all round growth, mainstreaming and optimisation of the use of local resource based approaches coupled with effective implementation strategies for all concerned government and private sector agencies with the focus on creating local employment, socio-economic development, environmental protection, social and cultural sensitivity and local ownership.
- Infrastructure development projects/programmes, especially when supported by development partners, to have a time horizon and a coherent strategy that enables a full cycle of harmonised development and adoption of policies and implementation strategies, management systems, technology developments and work method changes on all levels and all sectors concerned. Increased leadership, ownership, coordination of policy and implementing agencies is urgently required and should be pursued by all stakeholders on the basis of cooperation conditions.
- Dedicated budget allocations for local resource based works are a precondition for successful mainstreaming and sustainability of the approach. Simplified, appropriate terms of contract and contract framework for small works recognising the lower client risks and community benefits, and allowing low capital requirements necessary for small enterprises to enter and survive the market.
- The conditions set by development partners in the funding agreements for projects and programmers must take cognisance of the existing long-term Government policies and strategies.
- Financial provisions, contract management systems and payment/financing schemes to allow small-scale contactors to operate and compete fairly with dominating large-scale contractors.
- 'Making a rational choice' of available resources for construction work is a missing but decisive decision making factor. Better researched, publicised and disseminated information must be available to i) politicians, leaders and policy makers, ii) decision makers, iii) construction industry and iv) communities and the public at large.
- Corruption and fraud in the construction sector are rampant and possibly the principal underlying reasons for lack of success in developing effective capacities at local government levels and the growth and survival of small-scale contractors. Stringent loan/grant conditions, effective tendering and contract supervision monitoring systems and impartial technical and financial audits, and public reporting and transparency should be recognised as mandatory measures needed to be incorporated in all project/programme agreements.

Building Capacity

- Effective decentralisation and transition support to enhance local capacities to manage increasing responsibilities and work load is essential and requires dedicated support over an extended period of time.
- Knowledge and skills attained during capacity development projects for institutions and agencies have generally remained with individuals while sustainable institutional development has been lacking. The focus needs to shift from individual training to developing effective local institutions and agencies using a holistic approach. This requires long-term commitment from all partners coupled with structural/institutional adjustments to be able to sustain investments and achieve a lasting impact.
- To diversify business activities is essential to maintain survival of a construction company is on of the major lessons learnt by contractors in the

past. Training therefore should not only to focus on LB technology, but has to cover a diversified range of construction sectors and business management.

- Skills development must be seen as a vital investment and added value to the sector for the benefit of the whole community. It is within the capability of all developing countries to invest in their own Human Capital. Training in future should not be pursued on project level but as a sector wide and continuous development activity with effective training financing mechanisms, accreditation and certification schemes and focused HRD programmers for both the public and private sector.
- Training and professional development functions must be established at universities and tertiary education institutions to incorporate appropriate design and work methods including the social dimension of public infrastructure works. The attitude towards an increased utilisation of local resources and its consequences in terms of design, technology, management, funding and social responsibilities has to change through appropriate approaches in formal training for civil engineers, technicians, planners, economists, social experts etc. As such, a much more holistic approach needs to be pursued in education/training development.
- There needs to be a strong focus on practical training, demonstration of good practice, workmanship and follow-up training (mentorship provision) for technicians, crafts persons and skilled labour.
- Improve international cooperation to share knowledge and experiences of local resource based road works and actively support public and professional awareness and mainstreaming of this important asset.

ANNEX Country Projects; Brief Accounts

Ghana

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	20.2	22.5	23.3
Population growth	*annual %*	2.3	2.1	2.1
Prevalence of HIV (ages 15-49)	*% popul.*	...	2.3	1.9
Life expectancy at birth,	*Years*	58.0	57.0	57.0
GNI (Atlas method)	*cur $ Billion*	6.5	10.0	15.7
GNI per capita	*current $*	320.0	450.0	670.0
GDP growth	*annual %*	3.7	5.9	6.2
Time required to start a business	*days*	..	81.0	34.0
Official development assistance and aid	*cur $ Mio*	600.0	1,147.0	1,151.0
Workers' remittances and compensations	*cur $ Mio*	32.0	99.0	128.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	Contractor Development Projects
Time frame of operations	Nov. 1986 to 2006
Implementing agency(s)	Department of Feeder Roads of then Ministry of Roads and Highways, now Ministry of Transportation
Financing agency(s)	Government of Ghana with: • WB/UNDP/USAID in 8 regions • DANIDA in 5 regions • DFID in 3 regions
Contractors trained	Approximately 135 contractor firms with about 350 supervisors
Agency staff trained	Over 150 DRF engineers and foremen
Training Provider(s)	ILO support team, Project support teams (consultants and now the newly established Labour-Based Training School at Koforidua located
Major achievements	• The projects were successful in meeting the objectives. In addition to helping improve the condition of the rural network, capable domestic contractors and two (2) of them have grown to be among the top twenty-five (25) road contractors in the country. • The Department of Feeder Roads as the implementing agency has also seen considerable growth since the beginning of the project. Project management and procurement have improved. The capacity for managing projects in the regions and districts have also improved.
Major challenges	• The need for the continued training of agency staff in relevant areas was made evident • There is no policy or strategy for the sustainability of Labour-Based contracting. Enthusiasm appears to have also waned. Overall, Labour-Based contracting is on the decline. • Delayed payment for work carried out by contractors, difficulty in accessing capital and high interest rates also seemed to be stifling the construction industry, especially Labour-Based contracting.

Kenya

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	31.3	35.6	38.5
Population growth	*annual %*	2.6	2.6	2.6
Prevalence of HIV (ages 15-49)	*% popul.*	..	6.1	..
Life expectancy at birth,	*Years*	52.0	53.0	54.0
GNI (Atlas method)	*cur $ Billion*	13.2	18.6	29.5
GNI per capita	*current $*	420.0	20.0	770.0
GDP growth	*annual %*	0.6	5.8	3.6
Time required to start a business	*days*	..	54.0	30.0
Official development assistance and aid	*cur $ Mio*	510.0	767.0	1,275.0
Workers' remittances and compensations	*cur $ Mio*	538.0	805.0	1,692.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	Road 2000: • Contracting Development in Central Province • Contracting Development in Coast Province
Time frame of operations	Nov. 19894 to 2003
Implementing agency(s)	Ministry of Roads, Public Works and Housing, now Ministry of Roads; Department of Roads, Roads 2000
Financing agency(s)	• GOK and SIDA in Central Province • GOK and DANIDA in Coast Province
Contractors trained	About 130 contractor firms with about 350 supervisors
Agency staff trained	District and HQ Engineers, Inspectors and Site Supervisors
Training providers	• Kisii Training Centre of Kenya Institute of Highways and Building Technology • Project support consultants (TA)
Major achievements	• The overall outlook with regard to long-term sustainability of the Roads 2000 Strategy as a road maintenance delivery vehicle using LBT and small-scale contractors where it is cost effective, is very positive. • 70% of interviewed contractors reported overall growth in annual turnover and profits, and confirmed that future prospects were positive • 75% of interviewed agency staff confirmed that the training they received while working within the labour-based programmes was very useful and earned them promotion within the agency
Major challenges	• Lack of work continuity was the biggest challenge to the contractors' future existence. • The rampant corruption and associated economic downturn that characterized the 90's stifled the early growth of then trained labour-based contractors. • Infrastructure Development Programmes particularly when supported by development partners should last long enough to go through the full cycle of adoption of management and implementation systems for sustainability and maximum impact. • Change attitudes to labour-based methods through the inclusion of the concepts of appropriate LBT in the formal training of civil engineers and technicians. Future training interventions should aim at supporting courses in polytechnics and other tertiary colleges from certificate to diploma levels in civil engineering and surveying. The graduates from these institutions can then be engaged by

contractors to manage their businesses.

Lesotho

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	1.8	2.0	2.0
Population growth	*annual %*	1.6	0.8	0.5
Prevalence of HIV (ages 15-49)	*% popul.*	23.9	23.4	23.2
Life expectancy at birth,	*Years*	49.0	43.0	43.0
GNI (Atlas method)	*cur $ Billion*	1.1	1.6	2.2
GNI per capita	*current $*	570.0	810.0	1,080.0
GDP growth	*annual %*	4.5	0.7	3.9
Time required to start a business	*days*	..	92.0	40.0
Official development assistance and aid	*cur $ Mio*	36.7	69.0	130.0
Workers' remittances and compensations	*cur $ Mio*	252.0	327.0	443.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	Entrepreneurship Development for Labour-based Road Maintenance: Small Scale Contractors' Project (SSCP)
Time frame of operations	1993 to 2001: • Infrastructure Engineering Project 1993 – 1996 • Road Rehabilitation and Maintenance Project, 1996 - 2001
Implementing agency(s)	• Labour Construction Unit, 1993 – 1999 • Department of Rural Roads 1999 - 2001
Financing agency(s)	• Co-financed by GOL, IDA, KfW, EU, SIDA and Irish Aid
Contractors trained	• 56 contractors with 112 site supervisors for maintenance • 10 contractors with 30 site supervisors for gravelling and rehabilitation works
Agency staff trained	• 4 engineers and 28 technicians from LCU and DRR • 2 training engineers
Training Providers	• LCU (DRR) Training Centre at TY supported by ILO TA
Major achievements	• SSCP was very successful during the project frame but a partial success beyond the project frame mainly due to inconsistent and inadequate funding by GoL resulting in lack of continuous work and deterioration of the road network. • The institutional reforms made to road agencies using LB construction technology were very supportive of this technology. The decentralization and privatization processes within DRR were all in favour of promotion and propagation of the use of LB construction technology using LB contractors. The socio-economic environment of the rural areas served by the roads is quite receptive and ideal for use of LB contractors.
Major challenges	• The political environment is not yet conducive to use of LB contractors. Similarly the financing of the road sub-sector by GoL is inconsistent and inadequate and creates a non – sustainable situation, which is not conducive to use of LB contractors. • Lack of supportive approach to LB contractors has been one of the main factors, which has contributed to failure of the growth of these contractors. • Lack of continuous work beyond the project frame has been rated second most important barrier to better performance and growth. Hence this factor has contributed to the present non-sustainable condition of LB contractors. • Administration of contracts by DRR has been poor because of understaffing. Hence arrangements by GoL for implementation of contracts are not conducive and role of DRR should change from being an implementer to becoming a facilitator and supervisor of contracts executed by

contractors and consultants.

Madagascar

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	15.3	17.6	19.1
Population growth	*annual %*	3.0	2.8	2.7
Prevalence of HIV (ages 15-49)	*% popul.*	0.1	0.1	0.1
Life expectancy at birth,	*Years*	57.0	59.0	61.0
GNI (Atlas method)	*cur $ Billion*	3.9	5.4	7.8
GNI per capita	*current $*	250.0	310.0	410.0
GDP growth	*annual %*	4.8	4.6	6.9
Time required to start a business	*days*	73.0	38.0	7.0
Official development assistance and aid	*cur $ Mio*	322.0	917.0	892.0
Workers' remittances and compensations	*cur $ Mio*	11.0	11.0	11.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	Labour Intensive Training Centre (Centre de Formation, Haute Intensité de Main-d'œuvre) for training of public infrastructure works (mainly roads, buildings and irrigation).
Time frame of operations	Since 2001 for training of local consultants, small and medium size contractors, NGOs and administrators from technical and local departments.
Implementing agency(s)	• ??
Financing agency(s)	•
Contractors trained	• ?? contractors in all 22 regions.
Training provider	• Labour Intensive Training Centre
Major achievements	• The training programme has been achieving a national and construction sector wide impact. The survey in the sample regions shows that the trained small-scale firms are competitive in the open market. • The diversification in training covering not only roads but also buildings, irrigation and other construction features has obviously paid out and provides the emerging contractors with a much wider base for business opportunities.
Major challenges	• Access to bank credits and services is very limited for small-scale entrepreneurs. • Bidding and contract award procedures are often unfavourable for small-scale contractors. • The same applies for payment procedures (late or non payments, excessive payment terms) • Additional training needs have been identified for i) bid preparation, ii) training of site managers and foremen on technical and managerial aspects, and iii) advanced skill training for craft persons at provincial level (on site training).

South Africa

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	44.0	46.9	48.7
Population growth	*annual %*	2.5	1.2	1.7
Prevalence of HIV (ages 15-49)	*% popul.*	15.9	18.2	18.1
Life expectancy at birth,	*Years*	56.0	51.0	50.0
GNI (Atlas method)	*cur $ Billion*	134.4	225.6	283.3
GNI per capita	*current $*	3,050.0	4,810.0	5,820.0
GDP growth	*annual %*	4.2	5.0	3.1
Time required to start a business	*days*	...	35.0	22.0
Official development assistance and aid	*cur $ Mio*	487.0	680.0	794.0
Workers' remittances and compensations	*cur $ Mio*	344.0	658.0	823.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes

There are many contractor development programmes in SA. Sample programmes for this study are:

- Gundo Lashu ('our victory'), a programme of the Limpopo provincial government,
- Limpopo Sakhasonke ('we all build together'), another programme of the Limpopo provincial government,
- Vuk'uphile ('wake up and live'), a decentralised national programme implemented by provinces and municipalities,
- eThekwini ('at the harbour'), a large contractor programme of the Durban Metropolitan Municipality.

Time frame of operations

- The National Public Works Programme (1994 – 2004)
- The Expanded Public Works Programme (2004 – present)

Implementing agency(s)

- Provincial governments and municipalities

Financing agency(s)

- Mainly GOSA with donor support, e.g. DIFID

Training achievements until present

	Objectives & expected outputs	Number of trained contractors	No. cont. registered with CIDB	Other achievements
Vuk'uphile	- 1000 contractors trained - 2000 supervisors trained	- 162 contractors - 325 supervisors	Exact figure not known but most are registered	- 1463 learners recruited - 1142 training projects underway or completed worth R1.23 billion
Sakhasonke	- 250 contractors trained	- 120 contractors	120	- 6% reached CIDB grading of 4, 22% reached grade 3
Gundo Lashu	- at least 20 contractors trained with supervisory staff	- 24 contractors -30 supervisors	24	- 25% of contractors reached CIDB grade of 4 -20% of contr. reached grade 5 - 8% reached grade 6
eThekwini	16 contr. trained and move up 3 grades on CIDB register	16 contractors on programme	16	8 moved up two grades at time of study

Training providers

- Initial training by the Lesotho LB Training Centre
- Nationally accredited training providers (private or NGO)
- ILO TA project team

Major achievements

- On the basis of the survey results, it can be said un-

		equivocally that the four programmes have made an important contribution to the development of small and medium-sized black contractors to carry out labour-based works in SA. Many young people and women have been given opportunities, which they would not otherwise have obtained.
	Major challenges	• The most important conclusion and recommendation from this survey is that in future the selected contractors should be the best available from the existing pool of small contractors • Improvements in training and mentoring: DPW should engage with the CETA and the South African Qualifications Authority to address the following issues with regard to the training of labour-based contractors: i) The rates paid to training providers appear to be too low and should be reviewed, and ii) The content of the qualifications for supervisors and contractors should be reviewed with a view to increasing the on-site portion of the training and with a view to preparing the contractors better for competing in the open market.

Tanzania

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	34.1	39.0	42.5
Population growth	*annual %*	2.5	2.8	2.9
Prevalence of HIV (ages 15-49)	*% popul.*	7.1	6.4	6.2
Life expectancy at birth,	*Years*	51.0	54.0	56.0
GNI (Atlas method)	*cur $ Billion*	8.9	13.4	18.4
GNI per capita	*current $*	260.0	350.0	440.0
GDP growth	*annual %*	5.1	7.4	7.5
Time required to start a business	*days*	..	31.0	29.0
Official development assistance and aid	*cur $ Mio*	1,035.0	1,491.0	2,811.0
Workers' remittances and compensations	*cur $ Mio*	8.0	18.0	15.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	Various in different regions: Morogoro, Mbeya, Tanga, Coast, Iringa, Mtwara, Lindi, Mwanza, Shinyanga, Kilimanjaro and Arusha
Time frame of operations	Since 1992 to present, for training of mainly small scale LB contractors and few local consultants
Implementing agency(s)	• Focal point for contractors' development in Tanzania is the Ministry for Infrastructure Development (MOID), (former Ministry of Works) • MOID with Contractors Registration Board (CRB) and the National Construction Council (NCC). NCC carried out projects in a number of regions • TANROADS currently engages lb small-scale contractors for maintenance
Financing agency(s)	• Co-financed by GOT, SDC, NORAD, DANIDA, FINNIDA, USAID, UNDP/UNCDF
Contractors trained	• approximately 122 contractors with over 300 site supervisors • some few local consultants (about 5)
Agency staff trained	• various central government and local government and authority technical staff
Training provider(s)	• NCC • ATTI (Appropriate Technology Training Institute in Mbeya) • ILO TA and consultant training support
Major achievements	• Tanzania has a large number of LBT Contractors that have been trained through different programmes since 1992 and are registered with the national Contractor Registration Board in a separate LB class of contractors • LBT has been demonstrated as a viable alternative for the rural road sectors but also for routine maintenance of national highways
Major challenges	• The political environment is not sufficiently conducive to use of LB contractors. The tremendous efforts to mainstream LBT have not yet succeeded. • The general trend shows that the application of LBT is on the decrease because: - LB Contractors are not getting works; - LB Contractors do not have enough capital; - Available projects are awarded without giving priority to LB Contractors; - Most of the designs anticipate use of machines; - Some trained LB Contractors are opting out of the business due to staying idle for long periods.

Uganda

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	24.4	28.7	31.7
Population growth	*annual %*	3.1	3.3	3.3
Prevalence of HIV (ages 15-49)	*% popul.*	8.5	6.1	5.4
Life expectancy at birth,	*Years*			
GNI (Atlas method)	*cur $ Billion*	6.5	8.7	13.3
GNI per capita	*current $*	270.0	300.0	420.0
GDP growth	*annual %*	65.6	6.3	9.5
Time required to start a business	*days*	..	34.0	25.0
Official development assistance and aid	*cur $ Mio*	845.0	1,195.0	1,728.0
Workers' remittances and compensations	*cur $ Mio*	238.0	322.0	489.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	Labour-based projects through the District and Community Access Roads (DUCAR) programme (84 District Councils)
Time frame of operations	Since 1996 to present time
Implementing agency(s)	• DUCAR of Ministry of Works and Transport
Financing agency(s)	• Co-financed by GOU, NDF and DANIDA
Contractors trained	• 64 contractors with some 130 to 200 Site Supervisors
Agency staff trained	• no data available
Training provider(s)	• Mount Elgon Labour-based Training Centre (MELTC) • Consultant support • ILO TA
Major achievements	• The LB projects have demonstrated that small-scale contractors can cope with rural road rehabilitation and maintenance in the districts and that work carried out by local contractors can be of good quality at competitive rates.
Major challenges	• Despite a government policy for the promotion of labour-based methods, this policy is not seriously pursued into action. The DUCAR division in the MOWT is capable, however hamstrung by the level of autonomy given to the local authorities, under funded and therefore not in a position to carry out major awareness raising in the Districts for the application of LBT and use of local small scale contractors. • The construction sector is still dominated by mainly large scale and foreign contractors and consultants. • The Districts are under funded and lacking technical competence and awareness on use of LBT.

Zambia

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	10.5	11.5	2.6
Population growth	*annual %*	2.6	2.3	2.5
Prevalence of HIV (ages 15-49)	*% popul.*	15.5	15.0	15.2
Life expectancy at birth,	*Years*	2.0	44.0	46.0
GNI (Atlas method)	*cur $ Billion*	3.1	11.7	12.6
GNI per capita	*current $*	300.0	500.0	950.0
GDP growth	*annual %*	3.6	5.2	6.0
Time required to start a business	*days*	..	35.0	18.0
Official development assistance and aid	*cur $ Mio*	795.0	1,165.0	1,045.0
Workers' remittances and compensations	*cur $ Mio*	..	53.0	59.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	• LB Project Northern Province (1987 to 1994) • Eastern Province Feeder Roads Programme (1996 – 2001) • Road Sector Investment Progr. (ROADSIP II, 2004 -2013) • Small Holder Enterprise Marketing Programme (current) • Zambia Social Investment Fund (current) • Emergency Drought Recovery Programme Southern, Central, North Western Provinces and Mongu Corridor
Time frame of operations	Since 1987 to present time
Implementing agency(s)	• Mainly Ministry of Local Government and Housing • Road Development Agency (maintenance works)
Financing agency(s)	• Co-financed by GoRZ, NORAD, DANIDA, KfW, UNDP/UNCDF, WB, SIDA, EU
Contractors and Consultants trained	• Over 500 contractors and supervisors (no clear numbers available) both for road rehabilitation and maintenance • Some local consultants (5 firms established)
Agency staff trained	• Mainly District technical staff (no clear numbers available)
Training provider(s)	• Roads Department Training School (LBT from 1994) • RDTS transf. to National Council for Construction (2004) • ILO TA support
Major achievements	• The capacity building projects succeeded in improving the capacity of consultants and small-scale LB contractors and creation of employment as well as improvement of lively works of the local communities in both eastern and other provinces where LB methods were replicated. • The projects yielded institutional and contracting capacity, which still supports LB programmes. • The majority of the contractors found the training very useful and re-iterated need for additional training to improve skills and thereby increase employment prospects.
Major challenges	• Most (local) implementing agencies have not been able to retain their trained staff due to poor working conditions. • Corruption is a major inhibiting factor and must be tacked at all levels of LB contracting. • Too often efforts to expand and mainstream the LB approaches are hampered by the implementing agencies and/or consultants who use inappropriate designs of works and documentation and insist on tight work programmes which cannot be met by LB methods. • Lack of government policy of LB methods for road rehabilitation and maintenance hampers mainstreaming of LBT as a serious obstacle to the development of the sector. • There is still a general poor perception of the labour-based methods as being of poor quality and with prolonged con-

struction delays.

Cambodia

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	12.8	14.0	14.2
Population growth	*annual %*	2.0	1.7	1.7
Prevalence of HIV (ages 15-49)	*% popul.*	1.6	1.0	0.8
Life expectancy at birth,	*Years*	56.0	58.0	60.0
GNI (Atlas method)	*cur $ Billion*	3.8	6.3	8.9
GNI per capita	*current $*	300.0	460.0	600.0
GDP growth	*annual %*	8.8	13.5	10.8
Time required to start a business	*days*	..	86.0	85.0
Official development assistance and aid	*cur $ Mio*	396.0	541.0	672.0
Workers' remittances and compensations	*cur $ Mio*	121.0	200.0	325.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	• Upstream Project (1998 – 2001) • Rural Infrastructure Improvement Project (1996-2001) • North Western Rural Development Project (2002-2008) • Mainstreaming Labour-Based Road Maintenance (2006-08)
Time frame of operations	From 1990 first LB projects (force account) and since 1998 development of LB small-scale contractors.
Implementing agency(s)	• Mainly Ministry of Rural Development • Ministry of Public Works and Transport
Financing agency(s)	• Co-financed by GoC, WB, ADB
Contractors trained	• 78 contractors with 150 to 200 site supervisors
Agency staff trained	• A large number of IMRD staff (no clear numbers available)
Training provider(s)	• ILO TA project teams
Major achievements	• The projects have proved the appropriateness of the LBT by use of local small-scale contractors for road rehabilitation and maintenance. • Efficiency of rural infrastructure services delivery can be considerably improved through participation of private sector small-scale contractors. • Contractors highly appreciate the training received from ILO and under projects.
Major challenges	• The environment is not sufficiently conducive to use of LB small-scale contractors and mainstreaming LBT. So far funding for LB works has only come from donor supported projects. • The domestic construction industry is severely underdeveloped and dominated by large scale and foreign firms. • There is a general belief in the construction industry that LB operations are not appropriate for Cambodia's future. • There are serious concerns with regards to corruption and the therefore resulting poor quality of works. • The current restrictive financial conditions in Cambodia limit small-scale contractors to enter or develop business. • Delays in payment to the contractors are very critical. Ministry of Finance and donor agencies should streamline fund replenishment und disbursement procedures to allow for prompt payments.

***Indonesia** (Aceh and Nias)*

Selected Key-Data		**2000**	**2005**	**2007/8**
Population, total	*Nr. Mio*	206.3	220.6	228.0
Population growth	*annual %*	1.3	1.4	1.2
Prevalence of HIV (ages 15-49)	*% popul.*	0.1	0.2	0.1
Life expectancy at birth,	*Years*	…	….	…
GNI (Atlas method)	*cur $ Billion*	122.5	276.8	458.2
GNI per capita	*current $*	590.0	1,250.0	2,010.0
GDP growth	*annual %*	4.9	5.7	6.1
Time required to start a business	*days*	..	151.0	76.0
Official development assistance and aid	*cur $ Mio*	1,654.0	2,511.0	796.0
Workers' remittances and compensations	*cur $ Mio*	1,190.0	5,420.0	6,795.0

***Source:** WB; World Development Indicators Database, September 2009*

Projects / programmes	Capacity building for local resource-based road works in selected districts in NAD and Nias (Indonesia); a reconstruction project after the Tsunami Dec 2004
Time frame of operations	2005 pilot project, full project from 2006 – 2009
Implementing agency(s)	• BRR (Badan Rehabilitasi dan Reconstruksi), District Public Works Departments • A UNDP/ILO executed project
Financing agency(s)	• Multi Donor Fund with co-financing from GOI
Contractors trained	• Over 100 contractors with more than 200 site supervisors • Some 10 mobile construction trainers
Agency staff trained	• Over 50 district public works engineers and supervisors
Training provider(s)	• ILO TA project teams
Major achievements	• A general awareness of effective and transparent contract management, appropriate technical solutions and utilisation of locally available resources has been achieved through good quality demonstrations and training. • Capacity building efforts in general have shown good results in the sense that those individuals who received training are now able to better perform (personal proficiency enhancement). • The recognition of the positive project results has lead to a substantial Rural Access and Capacity Building Project in Nias.
Major challenges	• A general performance improvement of the construction sector in the 5 districts and sustenance in capacity building has not been achieved and can also not be expected within the limited framework and duration of the project. • Limiting development factors beyond project control are security/conflict issues (NAD), financial barriers, differing cultural background, and fraudulent practices. • External framework conditions outside the control of the project determine the sustainability and impact of the project approach and results in the districts covered by the project. Replication of the approach at a wider scale (province, national) is unlikely in the absence of a national support programme.

Nicaragua

Selected Key-Data		2000	2005	2007/8
Population, total	*Nr. Mio*	5.1	5.5	5.7
Population growth	*annual %*	1.6	1.3	1.3
Prevalence of HIV (ages 15-49)	*% popul.*	0.1	0.2	0.2
Life expectancy at birth,	*Years*	70.0	72.0	73.0
GNI (Atlas method)	*cur $ Billion*	3.7	4.9	6.1
GNI per capita	*current $*	730.0	890.0	1,080.0
GDP growth	*annual %*	4.1	4.3	3.5
Time required to start a business	*days*	...	39.0	39.0
Official development assistance and aid	*cur $ Mio*	561.0	763.0	834.0
Workers' remittances and compensations	*cur $ Mio*	320.0	616.0	818.0

Source: *WB; World Development Indicators Database, September 2009*

Projects / programmes	Pro Empleo: "Promotion of employment and income generation at the local level through labour intensive technologies and development of micros and small businesses in public projects and local development projects in Nicaragua"
Time frame of operations	As an emergency response to the Hurricane Mitch, 2001 to 2006
Implementing agency(s)	• 11 municipalities of northern region • ILO, as executing agency • Counterpart institutions: INIFOM (Instituto Nicaragüense de Fomento Municipal) and INATEC (Instituto Nacional Tecnológico).
Financing agency(s)	• Government of Nicaragua with support from the Government of Luxembourg
Capacity building achieved	• 14 micro enterprises in 8 municipalities with 150 members • A total of 128 workshops and seminars attended by 5,721 people (counterpart institutions, city hall personnel, workers, contractors, people interested in having small construction businesses, and university students). • 5 local consultants
Training provider(s)	• ILO TA project team
Major achievements	• The use of LRB methods and locally based micro enterprises for public infrastructure works has been well demonstrated. • Most of the targeted municipalities are still using the trained micro enterprises and are applying local resource-based methods to create employment opportunities. • Most of the micro enterprises developed during the project are still in operation at present.
Major challenges	• Beyond demonstrating the LRB approach, institutionalisation was not achieved and replication by other municipalities is therefore unlikely. • Adequate funding and an insufficient number of capable technical personnel at municipality level are serious limiting factors for applying the LRB method effectively. • There is a missing awareness by local governments and municipalities of the benefits of using LRB methods and locally based micro enterprises. Due to the limited project time frame and funds available a wider dissemination and propagation of the good project practices and results was not made. • Adequate policies at national and local levels to promote the use of LRB methods and locally based enterprises for public works are required.