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EXTRACT FROM:

Contracts for road Maintenance Works and Agreements

Agreements for Works by Direct Labour

The World Bank and the Economic Commission for Africa

ROAD MAINTENANCE INITIATIVE

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***Developing  
Domestic  
Contractors  
for Road Maintenance***

*(JMLantran - 1991)*

A number of initiatives have been taken to develop the capacity of local contractors. They include providing preparatory and hands-on training, providing access to plant and equipment, helping road agencies to acquire the skills needed to supervise contracts, simplifying government procurement procedures, and setting up, adapting, or strengthening permanent education and training institutions for road specialists.

#### PREPARATORY TRAINING.

Seminars have been organized in transition economies (such as Estonia, Latvia, Lithuania, Poland, and Vietnam) to introduce consultants, contractors, and civil servants to competitive bidding, cost control, and contract management. Similar seminars have been organized in Africa to teach contractors how to manage small civil works contracts. The most comprehensive training program was given in Tanzania for administrative managers, engineers, site superintendents, and technicians. Owners and managers of the firms were asked to participate in the training so that they could understand what was being taught to their staff. The most creative scheme, in Malagasy, used multimedia techniques to get the message across.

#### HANDS-ON TRAINING.

Potential contractors have been permitted to work on small projects to gain practical contract experience. Hands-on training covering labor-based construction techniques has been used to develop small firms for over two decades in Latin America, particularly the micro-empresas asociativas in Colombia and the Dominican Republic. Similarly, in Guinea Bissau the International Labor Organization has organized 3-km training sections for labor-based rehabilitation of feeder roads. In Kenya contractors have been trained to bid for road rehabilitation works. First, unit prices were fixed by the road agency. Then, contractors were allowed to bid with the same rates but with a plus or minus factor. Now they

have to compute their unit prices themselves. Current contracts amount to about \$500,000 each.

#### AVAILABILITY OF PLANT AND EQUIPMENT.

These initiatives help contractors gain better access to plant and equipment. In Uganda rented equipment belonging to the Ministry of Works was made available to contractors, but the amount was not sufficient. Contractors therefore decided to buy additional equipment and share it through a pool. Ministries of works in several African countries are considering renting equipment to contractors, while several donor-financed-projects are providing contractors with foreign exchange that enables them to buy equipment and spares.

#### CONTRACT SUPERVISION.

Most road agencies have limited capacity to supervise contracts, and several initiatives are under way to strengthen this capacity. Many African countries are building or strengthening control units in the road agency to adequately supervise contracts. In each case foreign experts are involved in compiling sample documents for preparation, procurement, and supervision; staffing the unit during the initial years; and training civil servants in this new activity.

#### SIMPLIFYING PROCUREMENT PROCEDURES.

Simplifying procurement procedures is essential for doing more work under contract and developing the local construction industry. In Ghana a comprehensive review of contract conditions for international and local competitive bidding and LCB has been carried out, and proposals for changes have been prepared and accepted. New conditions are being implemented. If they had been implemented earlier, some specific clauses, such as provisions for compensation for delayed payments, might have prevented some contractors from going bankrupt, although there is no substitute

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for prompt payment. Other countries have also decided to reshape and simplify the regulations for procurement and contract administration to make them easier for contractors.

#### SETTING UP PERMANENT TRAINING INSTITUTIONS.

In most countries the training center of the ministry of works was the only institution in charge of educating road specialists, and training was often tied to the implementation of foreign-funded projects. Training must be funded on a permanent basis, it must be open to contractors, and the curricula should include contract management. Institutes in former centrally planned economies are in danger of failing because of lack of funding and inappropriate privatization arrangements. It is important to keep these institutions alive and to extend their curricula to contract management and cost control.

*Source: Prepared by J-M Lantran in Commercial Management and Financing of Roads, Ian Heggie and Piers Vickers, World Bank, 1998*