

Capacity Building and Training

As shown in this Module launching a PPP Policy requires a move to a new organization which is often accompanied by training for professional staff to cover such key areas as planning and economic analysis, environmental assessment, contract management and supervision, and prioritization of works.

Private contractors can play a greater role in road maintenance but may require support and training in estimating and understanding specifications and in output measures.

As regards the Public Authority, there is a need for the relevant authorities to have personnel with the requisite technical and negotiation skills to support that framework. These skills should strengthen the deal-making capacity of those authorities and promote a basis for a strategic orientation of infrastructure development.



Constraints and opportunities for PPP transport projects, Menendez, Lahmeyer International, 1998

Public Authority Staff

Training Administration staff can be done on different bases, depending on the type of PPP and the initial level of skills of both public and private sector.

The following questions can help in the choice of an appropriate training program:

- Are the skills present at the different level of the public sector organization sufficient to set up an efficient training?
- What could be the benefits of private sector participation in the training of public staff?
- What could international expertise provide?
- In most simple projects (maintenance contracts, for instance), the required skills are available within the road authority so appropriate training by the public sector should enable staff to acquire the right levels of skills.

In more sophisticated projects (concessions), the required skills are not available within the road authority, typically those relating for the financial and legal fields, and so appropriate training should be led by outside advisers, from the private sector of the country or from foreign countries. This training could be courses or seminars inside or outside the country, led by national or international specialists. It could also consist in integrating private specialists (foreign or not) of the required level in order to combine in an appropriate manner the skills of staff in the public sector with that of outside advisers. The government could thus put together a multidisciplinary project management team representing expertise that has a critical bearing on the project. This team would, in most instances, be led by a senior official from the government department in charge of leading the PPP policy.



Commercial Management and Financing of Roads. I. Heggie and P. Vickers.
World Bank Technical Paper N°409, 1998

Most road agencies only 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 highway authority 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.

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

Examples

Private Infrastructure and the Inter-American Development Bank Group, (IDB) 1998.

An operation recently approved for Peru is a good example of a specific institutional strengthening subprogram. It focuses on two aspects: first, the design of the legal and institutional structure of an independent regulatory agency for the concession system; and second, the training of officials of the institutions responsible for the concession system. The latter included the provision of aid for the exchange of experience through field trips to countries with more developed systems, and local training through courses and seminars given by international consultants.

Municipal Institutional Strengthening in Colombia a municipal institutional strengthening plan has been designed and is being implemented by INVIAS (the road authority). This program will:

- provide technical assistance to municipalities to review, update or strengthen municipal land use plans and strengthen their enforcement capacity;
- finance, through an Agreement with the National Training Service (Servicio Nacional de Aprendizaje, SENA), a training program aimed at developing basic skills for more than 500 local workers to perform intermediate road construction jobs (topographic survey assistants, equipment operation and maintenance), thereby allowing them to have access to employment opportunities generated by the construction of the road; and
- implement a community information and consultation program during the construction period.



Project Appraisal Document on a Proposed Loan to Colombia for a Toll Road Concession Project, 1998, World Bank

Training actions backing the reform: the case of Algeria

Several actions have been taken to ease the transition from force account to competitive contracting of road maintenance:

- reorganizing the Ministry of Infrastructure substantially strengthened the organization and function of maintenance, and gave CTPP autonomy and greater authority for works' supervision and quality control;
- specific training seminars have been offered on: (i) network condition assessment; (ii) surface dressing techniques; (iii) technical standards and use of sample bidding documents; (iv) Responsibility for safety and environmental concerns;
- some higher level staff from DDM, CTPP (Administration), regional laboratories, and some field staff were sent abroad for training; contractors have been allowed to participate in some training seminars.



Assessment of Road Maintenance by Contract. S. Miquel and J. Condron. World Bank Document, 1991

Private sector - Local Contractors

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 works, 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.

What is hands-on training? Hands-on training is when 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 training sections for labor-based rehabilitation of feeder roads. In Kenya contractors have been trained to bid for rehabilitation works.

What is preparatory training?: Preparatory training involves seminars, 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 procedures. Similar seminars have been organized in Africa to teach contractors how to manage small civil works contracts.

With less experienced contractors, especially newly formed small-scale road maintenance enterprises, training in management, financial and technical issues is essential for the success of the pilot projects. Uruguay, for example, was most successful in this respect, implementing a broad training program for small enterprises which produced excellent results.



Performance based Road Maintenance Contracts: the Road to the Future - the Latin American Experience, G. Zietlow, A. Bull - IRF

A more complete section on how to enhance the capacity of the private sector (contractors and consultants) is proposed in the present Module (Enhance capacity of the private sector) with examples of practical training programs conducted during the course of projects.

Enhance private sector capacity

Transferring tasks previously carried out by the public sector to the private sector supposes that it is capable of carrying them out correctly.

If it is not, the question of how to organize the development of the PPP policy must be asked and how to accompany it to enable a fabric of companies and design offices to emerge, capable of taking on these new tasks without damaging the quality of the projects or that of service to the user. The problem is posed very differently depending on whether very large projects are involved requiring a high level of technical skills and considerable financial capacity (e.g. major motorway concessions or very large bridges or tunnels) or more routine tasks (rehabilitation, maintenance, operation) which neither require heavy investment nor exceptional technical skills.

In the first case, the solution generally consists in involving foreign contractors who are invited to form an association with local companies to enable them to benefit from their experience.

In the case of routine rehabilitation and maintenance work, local companies obviously have an essential role to play. The solution is then very different depending on whether or not a well developed road industry exists.

If a well developed road industry exists

If a suitable fabric of road contractors exists, the problem is to enable them to adapt to new tasks which are not particularly difficult, but for which the contractors are neither equipped nor prepared at the outset.

Obviously, each case is a specific case, but certain conditions have universal value.

- Financing stability should be ensured over a long period. Taking on these new tasks obliges the contractor to equip and organize itself. As maintenance tasks are very labor-consuming, new staff will have to be hired. The consequences of credit restrictions will then be dangerous.
- There is the greatest advantage to be had in ensuring that prior consultation takes place between the public authorities and professional representative organizations to examine how to develop a successful PPP policy. It would even be desirable to plan regular meetings to establish reports and together find

ways of making improvements; these meetings could advantageously be based on jointly financed audits. Such practices give full significance to the notion of partnership and ensure projects their best chance of success.

- The rate at which a PPP policy will be undertaken should be given full consideration. It is necessary to plan how to progress in the development of the programs so that the contractors can become familiar with and organize themselves to face new tasks.

The first contracts could, for example, only concern a small part of the network, before gradually extending to cover the entire network.

They may, at the beginning, be of the quantity-based type, and then become performance-based in the short-term and then in the long-term.

Contractors and road authorities will have to train themselves in these new contractual practices and professional organizations will need to be invited to reflect upon how to organize this training.

If the road industry is insufficiently developed

Besides the problem of adapting existing contractors, there is the problem of strengthening the industrial fabric in all its components (construction companies, materials' suppliers, design offices, etc.). Several publications deal very precisely and fully with this problem. The main ones are as follows:



Commercial Management and Financing of Roads, Ian Heggie and Piers Vickers, World Bank, 1998.

A certain number of successful examples also exist. The conditions most generally quoted or observed for the rapid, harmonious development of a national road industry are the following:

- As in the previous case, financing stability over a long period is always considered as an essential preliminary;
- The same applies for the necessary progressiveness in developing PPP policy. It is advisable not to over-hasten the movement, but to proceed by stages and take stock of the situation periodically.
- The existence of a favorable institutional environment is not specific to the road sector. It is a condition for developing an industrial fabric for all sectors, just like the possibility of having access to credit.
- Training, in this case, takes on decisive importance. The work programs of international financing institutions are very generally accompanied by a training program. Some useful indications will be found in the book by J-M. Lantran. The training program set up in Cameroon, to accompany the policy of transferring road maintenance to the private sector, is a recent, successful example of what can be achieved in this field.



Developing Domestic Contractors for Road Maintenance in Africa, Jean-Marie Lantran, The World Bank, December 1990.



Road Maintenance Program in Cameroon, Training Plan for Contractors and Design Offices

Possible Capacity Building Needs

Subjects for Capacity Building

- Introduction to PPP: Modalities, Scope, Why, How, Experience Worldwide
- Case Studies of Good and Bad Experience
- PPP Frameworks (Introduction and/or Specialist Courses);
- Policy
- Legal
- Economic Regulation
- Risk Management
- Government Support and Financial Frameworks
- Consultation
- PPP Modalities
- Financial Management
- Funding including IFIs/Commercial banks/ Bonds/Institutional Finance etc.
- Private Sector Modalities
- Procurement and Use of Consultants/Transaction Advisors
- Other

Locations

- In country/Regional/World
- Institutional Locations; ADB/WB/Other/Focused Educational HQs
- Project/Case Study Locations; Regional/Worldwide

Target Groups/Associations to be trained

- Ministry of Finance/Risk Management
- Planning Ministry/Line Ministries/Highway Authority/PPP Cells and Units
- All other Relevant Parties

Levels of Staff

- Highest Levels only/Senior decision makers
- Mid levels and above
- Administrative/Technical

Types of training courses available that would be useful

- Designing Legislative, Institutional and Regulatory Frameworks for PPPs
- Fundamentals of Project Preparation (Why and How)
- Stakeholder Consultation Processes
- Public Sector Management and Governance
- Risk Management
- PPP Skills and Competency
- PPP Project Officers Management Skills
- PPP Strategies, Methods and Project Structuring
- Contract Compliance and dispute resolution
- Fundamentals of Project Finance

Some basic references



World Bank-Financed Procurement Manual [Draft]. World Bank. 2001.



Granting and Renegotiating Infrastructure Concessions Doing It Right. Guasch, J. Luis. World Bank. 2004.



Guidelines: Procurement Under IBRD Loans and IDA Credits. World Bank. 2004.



Launching Public Private Partnerships for Highways in Transition Economies. Queiroz, Cesar. Transport Paper TP-9. World Bank. 2005.



Concessions for Infrastructure: A Guide to Their Design and Award. Kerf and et al. Technical Paper no. 389. 1998.



Bidding for Private Concessions. The Use of World Bank Guarantees. RMC Discussion Paper Series, no 120. World Bank. 1998.