



FIDIC Capacity Building Committee

***CAPACITY BUILDING – How
Can FIDIC Best Contribute?***

FIDIC Annual Conference – Beijing, China – Sept 4-8, 2005

***WORKSHOP #1 - CAPACITY BUILDING – Sept 6,
2005***



WORKSHOP OUTLINE

FIDIC Annual Conference – Beijing, China – Sept 4-7, 2005

WORKSHOP ON CAPACITY BUILDING – Sept 6, 2005

CAPACITY BUILDING – How Can FIDIC Best Contribute?

1. Introduction – J. Ritchie
2. FIDIC's Capacity Building Committee – J. Ritchie
3. Update on Benchmarking/MA Survey – P. Boswell
4. Views on Capacity Building of a Young Professional – Kew Yuan Chun
5. World Bank Views on Capacity Building in a Developing Economy – G. Casartelli
6. The Capacity Building Seminar for ISCE – J. Ritchie
7. The Consulting Engineering Industry in China – Hu Jing Ke
8. Discussion – How should FIDIC address CB?



2. FIDIC'S Capacity Building Committee – 1

Committee TOR

Objective:

Develop & implement FIDIC's CB program, through actions of MA's

TOR:

1. Gap analysis
2. Promote CB at each annual conference
3. Advise on information needs
4. Promote MA benchmarking
5. Advise on firm and MA problems and solutions
6. Monitor IFI procurement practices
7. Guide FIDIC's management training program
8. Form linkages that benefit FIDIC
9. Promote bilateral CB projects



2. FIDIC'S Capacity Building Committee – 2

Committee Action Plan

1. CB events for 2005 Beijing Conference
2. Set standards for MA benchmark surveys
3. Assist MA's with CB initiatives
4. Comment on proposed changes to IFI procurement practices
5. Actions re FIDIC management training program – use of new Manual
6. Participate in WFEO meeting
7. Identify and pursue specific bilateral CB projects



2. FIDIC'S Capacity Building Committee – 3

Progress in 2004-2005 - 1

1. Meeting of CBC in Sept 2005 in Copenhagen – 9 volunteers plus FIDIC staff
2. Training materials to support Guide:
 - *Chapter 7 – Financial Management - ready*
 - *Chapter 12 – BIMS – ready*
 - *Chapters 4, 5, 6 – by YPs*
 - *Other Chapters – specialized contributors*
3. WFEO CB Committee Liaison
 - *June 2004 organizational meeting, Washington*
 - *April 2005 Washington DC followup*
 - *Opportunities for mutual support*
4. Liaison with key World Bank staff



2. FIDIC'S Capacity Building Committee – 4

Progress in 2004-2005 - 2

5. Case Histories of Industry Development
 - *Outline developed, distributed*
 - *No responses yet – is it worthwhile?*

6. MA Liaison by FIDIC HQ re seminar/training requests
 - *Iran, Malaysia most promising*
 - *Persistence by ISCE led to success*

Active volunteers needed for CBC activities!



3. Update on Benchmarking & MA Survey - 1

MA Benchmarking Survey

Typically at three levels

- National industry sector
- National association
- Firms

Firm survey indicators are typically

- National operating environment
- Financial performance
- Staff performance
- Service performance

Principles

- Lowest level (firms) reports to higher
- Main firm indicators are balanced scorecard type



3. Update on Benchmarking & MA Survey - 2

MA Benchmarking Survey (Cont'd)

Indicators organized according to the Balanced Scorecard

Financial

Seen by financial shareholders

Return on capital employed, economic value added, sales growth, cash flow, profitability

Client Relations

Seen by clients

Customer satisfaction, retention, acquisition, market share

Business Processes

What the firm should do well

Innovation (how well the firm identifies the client's future needs)

Operations (quality, cycle time, cost)

Post sales service (warranty, treatment of defects)

Learning and Growth

What the firm should learn

People (staff retention, training, skills, morale)

Systems (availability of critical real time data for sales staff)



3. Update on Benchmarking & MA Survey - 3

National Industry Sector: Scorecard Indicators

Data Level Indicators mainly reported to the country level

	Financial	Client Relations	Business Processes	Learning and Growth'
	EXT LAG	EXT LEAD/LAG	INT LEAD/LAG	INT LEAD
About Country	GDP per capita	Integrity Index	Association uniqueness	New industry graduates per total graduates
	H	S	S	H
About Firms	% foreign revenue	Distribution of association activities	Association fee as % of member firm revenue	Staff per firm
	H	S	H	H

H – Hard Data

S – Subjective Survey Result



3. Update on Benchmarking & MA Survey - 4

National Industry Sector: Scorecard Indicators (Cont'd)

Data Level Indicators mainly reported to the firm level

	Financial	Client Relations	Business Processes	Learning and Growth'
	EXT LAG	EXT LEAD/LAG	INT LEAD/LAG	INT LEAD
About Country	Industry revenue as % GDP	Clarity of procurement	Association budget	Firm staff per capita
	H	S	H	H
About Firms	Member firm % of industry revenue	Private client revenue as a % total revenue	% QBS versus QCBS	Staff distribution in small versus large firms
	H	H	S	H

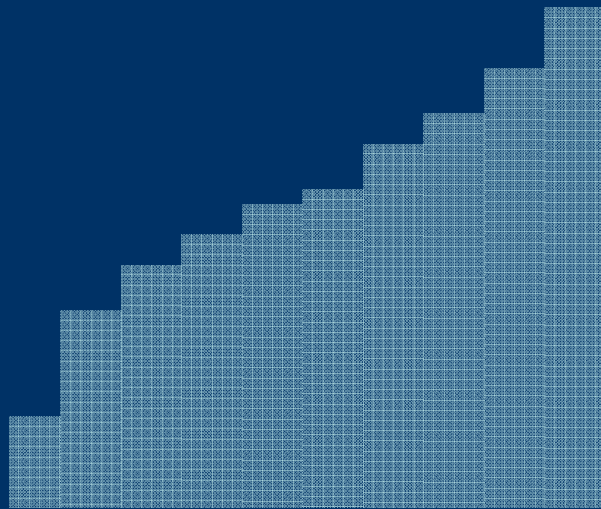
H – Hard Data

S – Subjective Survey Result



3. Update on Benchmarking & MA Survey - 5

National Industry Sector: Capacity Index



Norway, Luxembourg, Japan

Denmark, USA

Switzerland, Iceland, Ireland

Austria, UK

Netherlands, Sweden, Finland, Canada

Germany, Belgium, France, Spain, Australia, China-Taipei

New Zealand, Slovenia, Greece, Portugal, Korea

Hungary, Mexico,

Botswana, South Africa, Turkey, Czech Republic Bulgaria

Belarus, China, Indonesia

India, Vietnam, Uganda, Bangladesh



4. Views of A Young Professional on Capacity Building

Presentation by Kew Yuan Chun



5. World Bank Views on Capacity Building in a Developing Economy - 1

Presentation Highlights

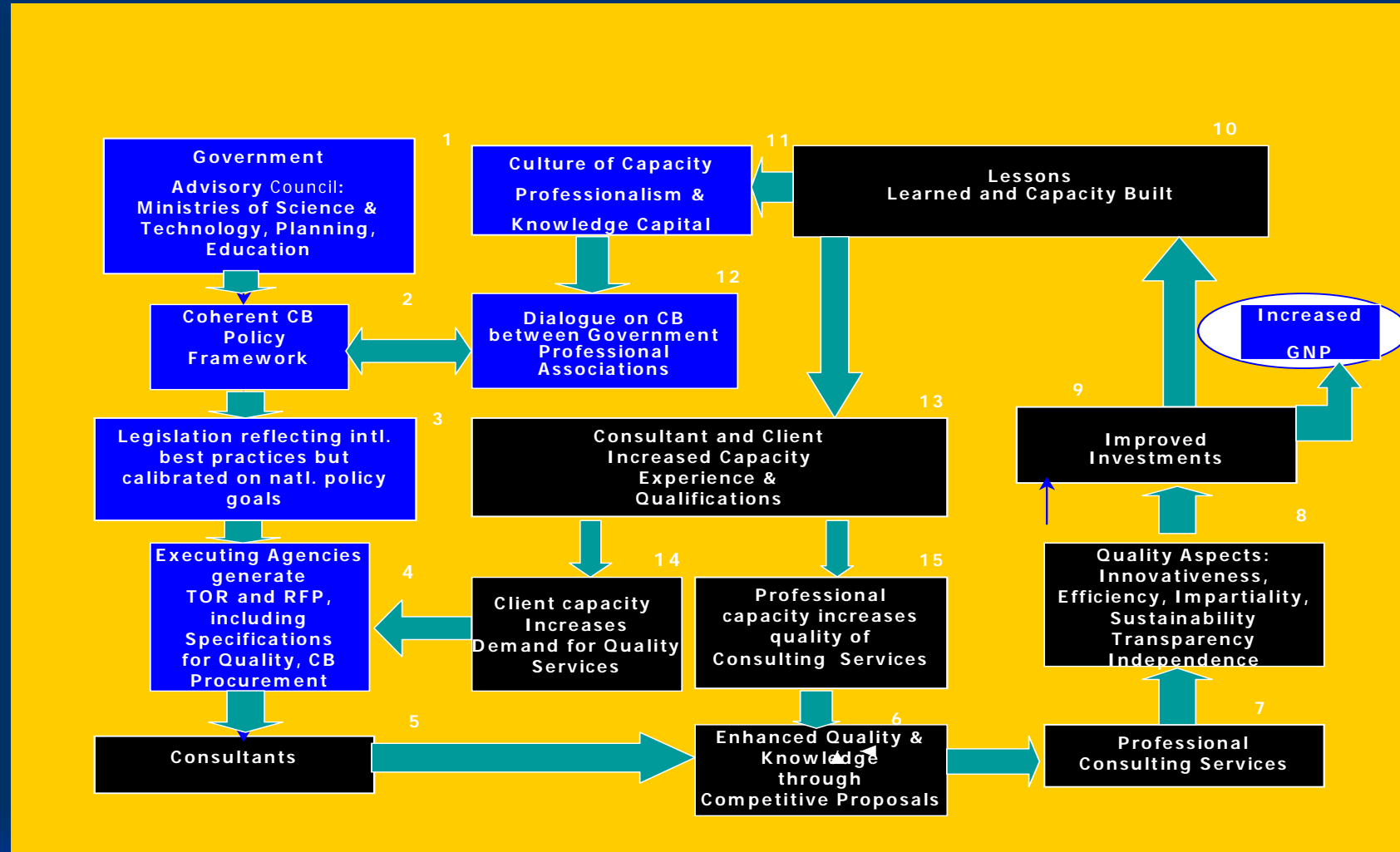
Building capacity requires policy design, a sound institutional framework and organizational structures, and individual demand for change

What can governments, executing agencies, donors and consultants contribute to Capacity Building?



5. World Bank Views on Capacity Building in a Developing Economy - 2

Capacity Building Framework in a Professional Economy





5. World Bank Views on Capacity Building in a Developing Economy - 3

Conclusions from World Bank "Country Consultant Services Assessments":

Countries often lack a coherent, explicit & targeted policy on Capacity Building

Countries lack an institutional framework that stimulates & channels professional capacity

Research Institutions and professional schools don't feed talent into the knowledge services sector or the public administration

Countries lack procurement methods suitable for the creation of a professional economy

Remuneration levels don't allow the hiring of talented professionals (on both sides)!



5. World Bank View on Capacity Building in a Developing Economy - 4

Conclusions from World Bank "Country Consultant Services Assessments": (Cont'd)

*Low levels of professional outsourcing, administrative hurdles
in hiring consultants are basic problems*

*Lengthy, costly procedures and favoritism discourage good
consultants*

*Poor remuneration of consultants does not support their
independence or their creativity*

*Often impossible for independent professionals to establish
consulting firms*

*Result - Building of professional capacity is not possible :
"Professional Poverty Traps"*



5. World Bank Views on Capacity Building in a Developing Economy - 5

A coherent Micro-Policy framework is needed - 1

Role of Government Organizations:

Restructure the way functions are performed and services delivered consistent with national policies

Formulate Strategic Outsourcing

Plan and execute procurement diligently

Demand Professional Services consistent with Outsourcing Strategy

Expand/deepen role of National Consultants



5. World Bank Views on Capacity Building in a Developing Economy - 6

A coherent Micro-Policy framework is needed - 2

Role of Consultant Association:

*Establish dialogue with Government on CB policy,
institutional reforms and organization*

*Assist Government to formulate Outsourcing Strategy and
Procurement Regulations*

Establish dialogue with Donors

*Assist members with CB on technical, QA and integrity
matters*



5. World Bank Views on Capacity Building in a Developing Economy - 7

A coherent Micro-Policy framework is needed - 3

*How can Governments jumpstart the CB
process in the short term?*

- 1. Assess the status of your CB policy, compare it
with other countries*
- 2. Organize workshops on CB policy -
policymakers, professional and business
associations and donors*
- 3. Adopt selection methods, procedures consistent
with CB policy*



5. World Bank Views on Capacity Building in a Developing Economy - 8

Conclusions

- 1. Government, donors, consultant and professional associations play important roles in CB.***
- 2. Consultant associations must:***
 - develop a clear picture of what is needed – policy, legislation, procurement*
 - work with government to create the environment – high level relations, cooperation, commitment to quality, integrity*
 - urge consulting firms to deliver high quality services, with integrity*



6. The Tehran Capacity Building Seminar for ISCE - 1

1. Location and Participation

- *Tehran HQ of ISCE – well equipped, simultaneous translation*
- *Over 200 attendees – ISCE members, guests*
- *2 days in Tehran, ½ day in Isfahan*
- *Government support (limited) contributed to success*

2. Program Outline

- *Opening remarks – plenary session - prominent ISCE member*
- *Opening presentation – plenary session- Capacity Building*
- *Opening presentation – plenary session - Design & Build*
- *Workshop 1A - Capacity Building - Problem Identification*
- *Workshop 1B – Design & Build – Contract Selection*
- *Workshop 2A – Capacity Building – Agenda for Action by ISCE*
- *Workshop 2B – Design & Build – The Contractor's Design*
- *Concluding Discussion – plenary session*



6. The Tehran Capacity Building Seminar for ISCE - 2

3. Outcome – Identified Problems

- *Policy – government policy on economy, government role in economy, private sector CE industry*
- *Business Environment – taxation, late payments, fee levels, contract terms, access to finance, etc.*
- *Design & Build/EPC – clarity of terms, risk assumption by CE firms, contract terms, unclear roles*
- *Qualifications – clear and consistent criteria are lacking*

4. Action Plan for ISCE

- *Priorities re lobbying for policy changes*
- *Identified where FIDIC can help with materials developed elsewhere*
- *Design & Build – clarification of terms, priorities for training, need for standard contracts*
- *Priorities for action on qualifications – move to international*
- *Priorities for training – D&B, Firm Management, BIMS, Project Delivery*



6. The Tehran Capacity Building Seminar for ISCE - 3

5. Potential to Repeat Elsewhere

- *Many problems have been experienced elsewhere – useful to help MA's identify specific problems, set priorities on solutions*
- *Also helpful to know “we are not alone” , how to access information from FIDIC and other MAs*
- *Government support increases chance of success*
- *Helps show the value of belonging to FIDIC*

6. Implications for FIDIC

- *Need for standard Client – Consultant Agreement*
- *If standard Agreement not possible, policy re key features needed*
- *Assemble support materials from other MAs - make available to those that need support in lobbying for change*
- *Prepare to deliver training programs based on needs identified in seminars*



7. The Consulting Engineering Industry in China -1

1. ***General Situation of the Chinese Consulting Engineering Industry – a young, rapidly developing industry***
 - ***Business Scope***
 - Investment Consulting
 - Bidding Agency
 - Design & Engineering
 - Supervision
 - EPC & PMC

 - ***Multidisciplinary & Disciplinary Businesses***



7. The Consulting Engineering Industry in China - 2

- ***Distribution***
 - National Level
 - Provincial Level
 - Geographic Distribution



7. *The Consulting Engineering Industry in China -3*

- *Ownership*
 - State-Owned Companies - ___%
 - *e.g.* _____
 - Enterprise-Owned Companies - ___%
 - *e.g.* _____
 - Foreign Joint Venture Companies - ___%
 - *e.g.* _____
 - Private Companies - ___%
 - *e.g.* _____



7. The Consulting Engineering Industry in China -4

- ***Capability of the Consulting Industry in China***
 - Growing rapidly
 - Expanding into the international market
 - Acceptance by global clients
 - Disparities among different companies
 - Regional disparities
 - Capability vs international firms



7. The Consulting Engineering Industry in China -5

2. Chinese Government Policy for the Consulting Industry

- ***Encouragement to develop capacity***
 - Examples of encouragement
 - Certificate required
 - No limitation on ownership
- ***Strict Market Regulation***
 - Consulting Company Management Certificate
 - Registered Consulting Engineers
 - Regular management surveys



7. The Consulting Engineering Industry in China -6

3. Future of the Chinese Consulting Industry

- ***Vision***
- ***Objectives***
 - Reform of Ownership
 - Capacity Building
 - Increased Knowledge and Skills
 - Industry Management and Enterprise Self-Regulation
 - International Markets



7. The Consulting Engineering Industry in China -7

4. Business Opportunities and Challenges for Foreign Consulting Companies in the China Market

- ***Business Opportunities***
 - Demand from the economic growth of China
 - Demand from the internationalizing of the Chinese Consulting Industry
- ***Challenges***
 - Market Regulations (certificates, etc.)
 - Inadequate knowledge of local laws and regulations
 - Cultural barriers
- ***Strategies***
 - Localization
 - Cooperation



7. The Consulting Engineering Industry in China -8

- 5. Conclusion: Business Opportunities through Cooperation***
 - Foreign Consulting Companies Working in China***
 - Chinese Consulting Companies Working Outside China***



8. Discussion

How should FIDIC Address Capacity Building?

- 1. What can we learn from China's program to develop the capacity of its CE industry?***
- 2. Can MAs use the FIDIC master Capacity Building publication in its current format?***
- 3. Can the format of the Iran CB seminar be applied elsewhere? If so, what are key ingredients for success?***
- 4. What types of training is FIDIC best suited to deliver?***