

Developing the Construction Industry in Ghana: the case for a central agency

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INTRODUCTION

THE PAPER

This document was prepared as a contribution to the deliberations in Ghana on how to improve the performance of the local construction industry. These discussions are taking place in both the public and private sectors of the industry, and it is appropriate for the deliberations to be informed by policies, practice and experience elsewhere. This paper seeks to provide that input.

AIM AND OBJECTIVES

The aim of this paper is to propose the establishment of an agency to be charged with the sustainable management, development and regulation of the construction industry.

The specific objectives of the paper are to:

1. to review the literature to establish the following:
 - the importance of the construction industry in every country, and especially in a developing country such as Ghana
 - the need for, and merits of, continuously developing the industry
 - the construction industry in Ghana: its strengths and problems
2. discuss the possible operations and funding of a construction industry development agency in Ghana
3. explore the way forward towards the formation of a construction industry development agency in Ghana.

SECTION ONE CONSTRUCTION INDUSTRY: ITS IMPORTANCE AND ITS MANAGEMENT

INTRODUCTION

This section of the paper discusses the importance of the construction industry to a country, in order to establish the need for the continuous improvement of the industry. It highlights the importance of the industry in socio-economic development; and the merits of construction industry development.

IMPORTANCE OF CONSTRUCTION INDUSTRY AND ITS DEVELOPMENT

Importance of Construction Industry

Construction is a key sector of the economy of every country¹. There are many reasons for the industry's importance.

First, the construction industry is important because of the outputs and outcomes of its activities. It contributes to national socio-economic development by providing the buildings which are used in the production of all goods in the economy. Moreover, the physical infrastructure, built through construction activity, is the nation's economic backbone as it forms the arteries for the facilitation of productive activity by enabling goods and services to be distributed within and outside the country. The items built also offer social and welfare benefits. For example, housing fulfils one of the most basic needs of people by providing shelter from the physical elements. Built items also offer people the opportunity to improve their living standards. The quality of the design and construction of these facilities has an impact on the efficiency with which the productive activities and provision of services can be undertaken. Thus, the construction industry can influence the competitiveness of enterprises within the economy. Construction can also affect the ability of the nation to attract foreign investment. This is important in this era of globalisation as all nations are competing nations to position to attract foreign investment.

Second, in every country, the construction industry constitutes a large part of the economy. Studies show that construction contributes between 5 and 10 percent of gross domestic product (GDP) in all countries, employs up to 10 percent of the working population, and is responsible for about half of the gross fixed capital formation². It is estimated that investments in housing alone account for 2 to 8 percent of GNP; between 10 and 30 percent of gross capital formation; between 20 and 50 percent of accumulated wealth; and between 10 and 40 per cent of household expenditure³. Owing to its large size, the construction industry has the potential to contribute directly to the growth of the national economy. At the same time, a period of low construction output can adversely affect the growth of the economy. Since construction projects have a long period of gestation, the industry only responds slowly to any stimulus acting on it, whether this is planned or not. Thus, a long period of low demand can significantly impair the ability of the industry to meet an increase in demand, and possibly slow down the growth of the economy over the short term, and national development in the long run.

¹ Hillebrandt, P.M. (2000) *Economic Theory and the Construction Industry*, 2nd Edition. Macmillan, Basingstoke.

² Lopes, J. (2012) Construction in the economy and its role in socio-economic development. In Ofori, G. (Editor) *New Perspectives on Construction in Developing Countries*. Spon, Abingdon, pp. 40-71.

³ Badiane, A. (2001) Speech at High Level Segment of Economic and Social Council on the Role of the United Nations System in Supporting the Efforts of African Countries to Achieve Sustainable Development, Geneva, 16-18 July.

Third, as governments are responsible for a large part of the investment in construction in any country (such as schools, hospitals, airports and ports; roads, bridges and irrigation systems; and water and power infrastructure, governments can vary the levels of their spending in construction to introduce desired changes in the economy. Thus, the industry is said to have the potential to be “an economic regulator” or “the balance wheel of the economy”⁴. However, inadequate knowledge about the intricate relationships between construction and other sectors of the economy militates against the effective use of construction for this purpose⁵.

Fourth, the construction industry has many complex linkages to the other sectors of the economy, and can stimulate activities in these sectors. For example, construction uses materials and components made by the manufacturing sector. These inputs are supplied by the commerce and services sector. Construction also relies on financial services, as well as the legal, accountancy and other relevant professional services from this sector. It must also be noted that, at one time or another, enterprises in all sectors will require some construction. Thus, the linkage is two-way; construction affects the other sectors, and vice-versa.

Fifth, the nation’s stock of constructed items is a large proportion of its savings. Studies show that Gross Domestic Fixed Capital Formation in construction is 45-60 percent of the total capital formation⁶. For this reason, it is essential to ensure that these built items, which represent national wealth, are of high quality and durability, and can resist all forms of obsolescence for as long as possible.

Sixth, construction activity is relatively labour-intensive. Thus, construction can generate employment. Moreover, constructed items are location specific, and they must be built where they are required. Thus, construction activity has the potential to generate incomes even in isolated communities, and hence, alleviate poverty. This also means that in a relatively large country such as Ghana, it is essential to have reasonably strong construction industries in each region.

Box One Further Aspects of Construction in the Economy

A country can only benefit fully from the stimulus that construction activity can give to its economy if it has a capable construction industry.

Whereas governments tend to use investment in construction to regulate the economy, bottlenecks in the administration of public-sector projects often leads to lower levels of implementation than the stated targets, thus limiting the impact of the government’s pump-priming efforts.

If a nation is to derive the maximum from the construction activity that takes place within it, then it is important that this activity does not result in increases in importation or in transfer of earnings by foreign firms, but leads to further activity in other sectors of the domestic economy.

⁴ Hillebrandt, op. cit.

⁵ Ofori, G. (1990) *The Construction Industry: Aspects of its management and economics*. Singapore University Press, Singapore.

⁶ Ibid; Ofori, G. (1990) *The Construction Industry: Aspects of its management and economics*. Singapore University Press, Singapore.

For a construction industry to play its due role in the economy and in socio-economic development, it should have the capacity and capability to meet the demand put to it, and to perform well. The industry should also be able to take maximum advantage of the opportunities for its own growth. For these reasons, efforts should be made to ensure the continuous development of the industry.

Importance of Construction Industry Development

Apart from the economic reasons discussed above, the need for continuous action to improve the construction industry also stems from the nature of the industry. The construction industry is large, complex and geographically spread out. It is also diverse, with many factors influencing its performance, well-being and prospects at many levels. The industry is typically fragmented in terms of the roles of the participants as well as the distribution of the sizes of its component firms. Finally, it is pertinent to note that many previous attempts to improve the industry in many countries have failed to succeed.

Box Two Gateway to West Africa

For Ghana to be able to realise its aim of being the “Gateway to West Africa”, it must have a good infrastructure. There are several reasons for this need. First, a high quality of physical infrastructure would attract foreign investors to (re)locate their operations in this country, as their overall costs would be low, thus enhancing their global competitiveness. The costs of local firms would similarly be lower, with the same result.

Second, with a good infrastructure, networks of firms would be more effective as supply chain management issues would be easier to deal with, and many factors in the operating environment of companies more predictable.

Finally, a high quality physical infrastructure will earn Ghana much revenue as the ports of Tema and Takoradi could be transshipment hubs, especially given the number of landlocked countries in the region.

To establish the physical infrastructure, an efficient construction industry is necessary.

Studies show that the construction industries of developing countries, including that in Ghana, face many problems⁷. There are three main reasons for these problems. First, the economic weaknesses which these countries face means that there are inadequate resources to devote to efforts to improve the industry. Moreover, the industry fails to receive the stimuli by way of job opportunities; and the market forces which support innovation are not present. Second, many of the governments of these countries do not recognise the importance and needs of the construction industry, and hence do not formulate and implement programmes for upgrading the industries. Finally, the inherent underdevelopment of the construction industries in these countries means that they are unable to deal with their weaknesses, to make a strong case for help, or to contribute to the efforts which the government make to develop the industries.

⁷ Ofori, G. (1993) Research in construction industry development at the crossroads. *Construction Management and Economics*, **11**, 175-185. Ofori, G. (1994) Practice of construction industry development at the crossroads. *Habitat International*, Vol. 18, No. 2, 41-56. Ofori, G. (2012) The construction industries in developing countries: strategic review of the book. In Ofori, G. (Editor) *New Perspectives on Construction in Developing Countries*. Spon, Abingdon, pp. 1-15.

Owing to the problems, the performance of the construction industries on projects in developing countries, including Ghana, is poor in most respects including cost, quality and productivity⁸. On most construction projects undertaken in the developing countries, the results fall short of the targets set by the participants themselves in terms of budgets (cost), schedules (time) and specifications (quality)⁹. The constructed items in these countries are also unsatisfactory in terms of their maintainability and durability. As constructed items involve huge investments and are expected to last for several years, this has significant economic and social consequences. Moreover, the performance of the construction industries in these developing countries compares unfavourably when viewed against those of their counterparts in industrialised nations.

Another area where the construction industries perform poorly is with regards to environmental considerations. Construction activities in developing countries may involve excessive resource consumption, and cause land degradation, loss of habitats, air and water pollution, and involve high energy usage.

Ghana's construction industry has several of the characteristics of the construction industries in developing countries highlighted above. In the next section, the concept of "construction industry development" is introduced. This is followed by consideration of industry development initiatives and programmes in a number of countries.

SECTION TWO CONSTRUCTION INDUSTRY DEVELOPMENT

INTRODUCTION

This section is devoted to a discussion of the concept of construction industry development. It considers the nature of construction industry development; and provides a brief account of the situation in a number of countries (at various stages of national development).

MANAGEMENT OF CONSTRUCTION INDUSTRY DEVELOPMENT

The importance of the construction industry in economic growth and national development, as well as experience of the poor performance of the industry in many countries have inspired efforts in nations at all levels of socio-economic progress to develop their industries to enable them to reach their potential. It is suggested that *construction industry development* "refers to the pursuit of the improvement of the industry as an objective in itself ... the approach is direct and continuous ... [it] would incorporate appropriate strategies, and integrated plans and programmes under specific implementing agencies"¹⁰.

Definition of Industry Development

Task Group 29 (TG29)¹¹ of the International Council for Research and Innovation in Building and Construction¹², at its meeting in Arusha in 1998, defined construction industry development as follows:

⁸ Ofori, G. (2001) Challenges facing the construction industries of Southern Africa. Paper presented at the Regional Seminar on "Developing the Construction Industries of Southern Africa", Pretoria, South Africa, 23-25 April.

⁹ Ofori, G. (1993) Practice of construction industry development at the crossroads. *Habitat International*, Vol. 18, No. 2, pp. 41-56. Ofori, G. (2012) The construction industries in developing countries: strategic review of the book. In Ofori, G. (Editor) *New Perspectives on Construction in Developing Countries*. Spon, Abingdon, pp. 1-15.

¹⁰ Ofori (1993: 48-49).

¹¹ TG29 is now W107 on Construction in Developing Countries.

Construction industry development is a deliberate and managed process to improve the capacity and effectiveness of the construction industry to meet the national economic demand for building and civil engineering products, and to support sustained national economic and social development objectives.

Construction industry development promotes:

- Increased value for money to industry clients as well as environmental responsibility in the delivery process
- The viability and competitiveness of domestic construction enterprises
- Optimisation of the role of all participants and stakeholders through process, technological, institutional enhancement and through appropriate human resource development.

Construction industry development is deemed to have the following components¹³: human resource development; materials development; technology development; corporate development; development of documentation, procedures and operating environment; institution building; and development of operating environment.

Some Initiatives from Countries Around the World

As discussed above, even in the industrialised countries, where the construction industries are relatively mature, the need for the continuous development of the industry is being increasingly realised. For example, there have been major studies of the UK construction industry in recent years including those which resulted in the reports by government appointed task forces such as those led by Sir Michael Latham¹⁴ and Sir John Egan¹⁵. There have also been key studies of the national and provincial construction industries in Australia¹⁶, Hong Kong¹⁷ and Singapore¹⁸ and more recently, Malaysia have also completed major reviews of their construction industries.

The reviews of the industries in these developed and newly industrialising countries have been given impetus by both internal and external trends which indicate a challenging future for each of these construction industries. The trends include the needs of an increasingly sophisticated economy, client demands, technological and social change, globalisation leading to competitive pressures, concerns with the welfare of workers' health and safety in construction, and the effect of construction activity on the environment.

The reviews of the construction industries of the developed and newly industrialising countries have aimed at a radical restructuring of all aspects of the industries. The initiative in Singapore is a good example of such efforts. The Construction 21 exercise in Singapore was launched in a bid to improve the productivity of the industry by reinventing its processes, procedures and practices. The vision of Construction 21 is "To Be a World Class Builder"¹⁹. It set concrete targets for the industry; and recommended initiatives to meet the targets.

¹² The CIB, based in Rotterdam in the Netherlands, is the largest and most prestigious umbrella body for researchers in all aspects of construction. It has over 5,000 members around the world. These are mostly academic institutions, research institutes, government ministries or departments, private companies, and individuals. The CIB's activities are organised under Task Groups which have a short life-span and a specific task), and Working Commissions, each of which has a broader mandate and terms of reference which do not limit its life.

¹³ *ibid.*

¹⁴ Latham, Sir M (1994) *Constructing the Team*. Her Majesty's Stationery Service (HMSO), London.

¹⁵ Egan, Sir J. (1998) *Rethinking Construction*. Department of the Environment, London.

¹⁶ Australian Procurement and Construction Council (1997) *Construct Australia*. Canberra.

¹⁷ Construction Industry Review Committee (2001) *Construct for Excellence*. Hong Kong.

¹⁸ Construction 21 Steering Committee (1999) *Re-Inventing Construction*. Ministry of Manpower and Ministry of National Development, Singapore.

¹⁹ *ibid.*, p. 20.

Construction 21 proposes to transform Singapore's construction industry from an industry which is "dirty, dangerous and demanding" ("3Ds") to one which is "professional, productive and progressive" ("3Ps"). The report highlighted the following desired outcomes for the Singapore construction industry:

- a professional, productive and progressive industry
- a knowledge workforce
- superior capabilities through synergistic partnerships
- integrated process for high buildability
- contributor to wealth through cost competitiveness
- construction expertise as an export industry.

Table 1 compares the problems identified in the reports on the reviews of the construction industries in Singapore and Hong Kong. The strategic thrusts under which initiatives were formulated to address these problems are also presented. It is pertinent to note that there is much similarity in both sets of problems and strategic thrusts. The sixth thrust in each case relates to the institutional framework for implementing the recommended initiatives. In Singapore, "a collective championing effort for the construction industry" was proposed. It was envisaged that this would comprise the BCA and the Construction Industry Joint Committee, the umbrella body of the professional institutions and trade associations. In Hong Kong, where an agency for developing the construction industry did not exist, the report suggested effort in "devising a new institutional framework to drive the implementation of the change programme for the industry". Thus, the organisational arrangement for implementing the reviews were given due attention.

Table 1 Comparison of Aspects of Singapore's C21 with Hong Kong's Construction Industry Review Committee (2001)

<i>Mission</i>	<i>Vision</i>	<i>Key Problems</i>	<i>Strategic Thrusts</i>
Singapore	"To Be a World Class Builder in the Knowledge Age" (p. 21).	<ol style="list-style-type: none"> 1. low productivity level and negative productivity growth 2. multi-layered subcontracting system 3. segregation of industry's activities 4. poor worksite safety 5. malpractices and social problems 	<ol style="list-style-type: none"> 1. enhancing the professionalism of the industry 2. raising the skills level 3. improving industry practices and techniques 4. adopting an integrated approach to construction 5. developing an external wing 6. a collective championing effort for the construction industry.
Hong Kong	"An integrated construction industry that is capable of continuous improvement towards excellence in a market-driven environment" (p. 2).	<ol style="list-style-type: none"> 1. poor site safety record 2. unsatisfactory environmental performance 3. need for a more client-focused approach 4. extensive use of traditional and labour-intensive construction methods 5. an inadequately trained workforce 6. tendency to award contracts to lowest bidders 7. short-term attitude to business development 8. non value-adding multi-layered subcontracting 9. declining productivity growth and high building cost 10. fragmentation and adversarial culture within the industry. 	<ol style="list-style-type: none"> 1. fostering a quality culture 2. achieving value in construction procurement 3. nurturing a professional workforce 4. developing an efficient, innovative and productive industry 5. improving safety and environmental performance 6. devising a new institutional framework to drive the implementation of the change programme for the industry.

In Malaysia, the Construction Industry Master Plan (CIMP) was developed by the Construction Industry Development Board (CIDB) in collaboration with the private sector of the industry.²⁰ The master plan covers the period of 2006-2015. The vision is to develop the country's construction industry into a world-class, innovative, and knowledgeable global solution provider. The strategic thrusts were: (i) integrate the construction industry value chain to enhance productivity and efficiency; (ii) strengthen the image of the construction industry; (iii) strive for the highest standard of quality, occupational safety and health, and environmental practices; (iv) develop human resource capabilities and capacities in the construction industry; (v) innovate through research and development (R&D) and adopt new construction methods; (vi) leverage on information and communication technology in the construction industry; and (vii) benefit from globalisation including the export of construction products and services.

The examples of the newly industrializing economies are relevant to Ghana. It is clear that there is no shortage of good initiatives. A key ingredient is the organisational and procedural framework for implementing the existing national programmes and suggested ideas. Some recent developments in a number of African countries shows that there is growing awareness of the need for action. There is an increasing trend of countries going beyond strategic reviews to prepare national construction industry policies. Examples of these countries which have formulated national policies are Rwanda²¹ (which published its policy in 2009) and Uganda²² (where the policy was published in 2008). It is pertinent to note that, in each case, the formation of an agency to manage the development of the construction industry is one of the major strategic thrusts. In Uganda, action is underway to prepare the legislation to give statutory backing to the policy.

SECTION THREE

EXAMPLES OF CONSTRUCTION INDUSTRY DEVELOPMENT AGENCIES

INTRODUCTION

This section is devoted to a discussion of the approaches taken by various countries, at different levels of economic progress, to manage the continuous development of their construction industries.

SOME GENERIC APPROACHES

Ministries of Construction

Construction industry development is administered in different ways in various countries. Some countries, such as China and Vietnam, have ministries of construction. Such ministries represent the highest form of administrative responsibility and, perhaps, effectiveness, as they are able to directly formulate and implement policies, monitor their execution, offer incentives and rewards, and impose sanctions when necessary. For

²⁰ Construction Industry Development Board (2007) *Construction Industry Master Plan Malaysia 2006-2015*. CIDB, Malaysia.

²¹ Ministry of Infrastructure (2009) *Rwanda National Construction Industry Policy*. Kigali, http://mininfra.gov.rw/index2.php?option=com_docman&task=doc_view&gid=113&Itemid=263, accessed on 17 December 2010.

²² Ministry of Works and Transport (2008) *Draft National Construction Industry Policy*. Ministry of Works and Transport, Entebbe.

example, the current objectives of China's Ministry of Construction are to²³: prepare development plans, policies and laws for the industry; prepare rules and regulations on technical progress, quality management and safety; guide system reform; promote the transformation of businesses; and manage the operations of overseas construction companies in China.

Government Agencies

Government and quasi-government agencies dedicated to the development of the construction industry have also been formed. The first distinct construction industry development agency was the National Construction Council (NCC) of Tanzania which was proposed in the report of a team of eminent experts on construction which undertook a review of the country's construction industry in the mid-1970s²⁴. The Construction Industry Development Board (CIDB) in Singapore was formed in 1984 to spearhead the expansion and development of the construction industry. It is arguably the most successful and most widely studied of the industry development agencies. In 1999, the CIDB was merged with the Building Control Division of the then Public Works Department to form the Building and Construction Authority (BCA). The functions of Authority under the BCA Act which relate to industry development are²⁵:

- promote the development, improvement and expansion of the construction industry including the use of advanced technology in the construction industry
- advise and make recommendations to the Government on matters affecting or connected with the construction industry
- raise standards and efficiency in the construction industry by encouraging the standardisation and improvement of construction techniques and materials
- provide consultancy and advisory services related to the construction industry
- promote the advancement of skills and expertise of persons in the construction industry
- raise the professionalism and capabilities of firms in the construction industry
- promote the adoption of internationally recognised quality management systems in the construction industry
- facilitate the supply of essential construction materials and secure and manage land and facilities related to their import and production
- carry out research for the development and improvement of the construction industry.

The Construction Industry Development Board (CIDB) of Malaysia was established under an Act in 1994. Its objectives are to:

- promote and stimulate the development, improvement and expansion of the construction industry
- advise and make recommendations to the government on matters relating to the construction industry
- promote, stimulate and undertake research into any matter relating to the construction industry
- promote, stimulate and assist in the export of services relating to the construction industry
- provide consultancy and advisory services with respect to the construction industry
- promote quality assurance in the construction industry

²³ You, B.H.M. and Walker, A. (1999) Chinese policy on science and technology and technical improvements in the construction industry. *Proceedings, 2nd International Conference on Construction Industry Development and 1st Meeting of CIB Task Group 29*, Singapore, October, Vol. 1, pp. 258-263.

²⁴ Ministry of Works (1977) *The Local Construction Industry Report: General report*. Ministry of Works, Dar es Salaam.

²⁵ Government of Singapore (1999) Building and Construction Authority Act 1999 (No 4 of 1999). Singapore.

- encourage the standardisation and improvement of construction techniques and materials
- initiate and maintain a construction industry information system
- provide, promote, review and co-ordinate training programmes organised by public and private centres for skilled construction workers and construction site supervisors
- accredit and register contractors and to cancel, suspend or reinstate the registration of any registered contractor
- accredit and certify skilled construction workers and construction site supervisors.

The Institute for Construction Training and Development (ICTAD) (Sri Lanka) was formed in 1986. Its objectives are²⁶:

- to improve the capacity of training institutions and facilitate the qualitative improvement of training programmes to meet the needs of semi-skilled and managerial personnel
- to improve the quality and efficiency of the construction industry by encouraging innovative approaches in technology and industrial development activities and in achieving economy in construction works.

The CIDB of South Africa was also established by statute in 2001. The objects of Board include, to²⁷:

- (a) promote the contribution of the construction industry in meeting national construction demand and in advancing: (i) national, social and economic development objectives; (ii) industry performance, efficiency and competitiveness; and (iii) improved value to clients;
- (b) provide strategic leadership to construction industry stakeholders to stimulate sustainable growth, reform and improvement of the construction sector;
- (c) determine and establish best practice that promotes: (i) improved industry stability; (ii) improved industry performance, efficiency and effectiveness; (iii) procurement and delivery management reform; (iv) improved public sector delivery management; (v) national social and economic objectives, including (1) growth of the emerging sector, (2) labour absorption in the construction industry; (3) improved labour relations; and (4) positive safety, health and environmental outcomes; and (vi) human resource development in the construction industry;
- (d) promote best practice through the development and implementation of appropriate programmed and measures aimed at best practice and improved performance of public and private sector clients, contractors and other participants in the construction delivery process;
- (e) promote uniform application of policy with regard to the construction industry throughout all spheres of Government;
- (f) promote, establish or endorse: (i) uniform standards; and (ii) ethical standards, that regulate the actions, practices and procedures of parties engaged in construction contracts;
- (g) promote sustainable growth of the construction industry and the participation of the emerging sector therein;
- (h) promote appropriate research on any matter related to the construction industry and its development;
- (i) implement policy on construction industry development; and
- (j) advise the Minister on policy and programmed which impact on construction industry growth and development.

²⁶ Raftery, J. et. Al. (1997) Proceedings, AsiaConstruct 1997. October, Hong Kong Polytechnic University, Hong Kong.

²⁷http://www.cidb.org.za/Documents/KC/cidb_Publications/Leg_Regs/other_leg_regs/leg_regs_gg21755_cidb_act_38_2000.pdf

The current Board considers the Act as mandating it to²⁸:

- Establish a national register of contractors and of construction projects to systematically regulate, monitor and promote the performance of the industry for sustainable growth, delivery and empowerment.
- Promote improved delivery management capacity and the uniform application of procurement policy throughout all spheres of government.
- Promote improved performance and best practice of public and private sector clients, contractors and other participants in the construction delivery process.
- Promote sustainable participation of the emerging sector.
- Provide strategic direction and develop effective partnerships for growth, reform and improvement of the construction sector.

Several of the other countries in southern Africa have construction industry development agencies. Examples are the National Construction Industry Council of Malawi and the National Council for the Construction Industry of Zambia.

Industry-Funded Organisations

In some developing countries, the construction industries have established, manage and fund organisations dedicated to the continuous development of the industries. An example is the organization in India. The objectives of the quasi-government Construction Industry Development Council (CIDC) of India are²⁹:

- to promote, upgrade, strengthen and develop the industry in all aspects so as to engender quality, speed, economy and efficiency in construction, and for the industry to be competent and competitive at home and abroad, and to be responsive to economic, technical, environmental and social changes and public policies
- to provide impetus and support for raising quality, providing uniform criteria for evaluating capabilities, enhancing environmental consciousness, and securing wider appreciation of the industry's problems; and
- to initiate a process of self reform towards simplification, rationalisation, liberalisation, and greater transparency and equity.

Another organisation in India which seeks to develop the construction industry on a national basis is the National Institute for Construction Management and Research; it focuses on training.

Industry funded research organisations in industrialised countries such as the Construction Industry Institute in the United States and the European Construction Institute, based in Loughborough, United Kingdom and the Construction Industry Research and Information Association, UK undertake research on topics identified by industry, and prepare and disseminate reports and best practice guides. However, as private organisations, they are not involved in implementation or direct monitoring of construction industry development initiatives.

Advisory Organisations

There are examples of “advisory” organisations concerned with construction industry development which may be government departments or private organisations. They undertake studies, prepare and disseminate reports; may prepare programmes and policies; and advise government directly. These include the Construction Industry Board (UK), and units in the ministries responsible for construction in many countries.

²⁸ <http://www.cidb.org.za/about/mandate/default.aspx>

²⁹ Ibid.

There is a unique example of an executive construction industry development organisation which was formed and specifically given a limited life. The Construction Industry Development Agency (CIDA) (Australia) was set up in 1992 and given a mandate until 1995 to implement the Construction Industry Reform Strategy agreed by government, industry (clients and employers of construction personnel) and unions. The stakeholders' vision for CIDA was that of a world-class Australian "building and construction industry" delivering customer requirements in many different ways. Its mission was the development of a culture of learning and continual improvement. It identified the following key issues: better project definition; performance standards for contractors; rationalisation of contractual relationships; more effective management practices; improved technical efficiency and capability; greater amount of R&D; improved export performance; more efficient and flexible work practices; improved education for management personnel; a career structure and continuity of employment for workers; improvements in safety and working environments; strict adherence to award and agreement provisions; and reduction in lost time. The CIDA achieved much, but as an indication that construction industry development is a long-term, continuous activity, it has been followed by many initiatives and reports at the national and state levels, as mentioned above.

Long-Term Nature of Industry Development

As has been found in Australia, in most countries, construction industry development is recognised as a long-term task, which may change over time. For example, in Singapore, despite the effort of the CIDB in managing the industry's development, the Construction 21 initiative was deemed to be necessary some 15 years after the formation of the CIDB. The merger of the CIDB with the then Building Control Division of the Public Works Department was seen as enabling better co-ordination of the regulatory and developmental functions relating to the construction industry, enabling an integrated approach towards the restructuring of the industry and the strengthening of its long-term competitiveness³⁰.

As another example of the long-term nature of construction industry development, the government of Sri Lanka proposes to upgrade ICTAD by establishing the Construction Industry Authority under the Construction Law to:

- promote and upgrade professionalism
- promote standards for construction works and regulate the adoption of foreign technologies
- standardise conditions of contract, procedures and practices; foster and promote the advancement of contractors
- determine the registration and grading of contractors
- promote and foster the advancement of consultancy services
- promote and assist export of construction services
- provide construction information to the public
- publish documentation on the industry
- regulate and monitor technical auditing
- review and monitor the industry's resource requirements
- set standards for training and facilitate training
- regulate the engagement of workers in industry; promote technology transfer and technology development
- promote the use and development of local materials
- promote research on construction.

³⁰ Parliamentary Debates (1999) Building and Construction Authority Bill – Second Reading. 20 January, pp. 1941-1959.

SITUATION IN GHANA

There have been some ad hoc schemes to help the construction industry in Ghana to develop. However, the management of the improvement of the construction industry has not received direct continuous attention from a single organisation. Aspects of the industry are under the purview of several ministries, and in particular, the Ministry of Roads and Transport and Ministry of Water Resources, Works and Housing. These ministries play a range of roles in construction including those of client and regulator.

An organisation for administering the improvement of the construction industry would have to draw technical expertise from the personnel of the two ministries and their subordinate organisations.

SUMMARY

The formation of a construction industry development agency is only the beginning of a long process. To realise tangible results with regards to improvements in the performance of the construction industry, several other issues require attention. First, the agency should formulate long-term plans for developing the industry. These should be supported by comprehensive reviews of the state of the industry and its concerns and imperatives. Second, resources should be allocated to the tasks outlined, and effectively utilised. Among these is finance: a sustainable means of funding the organisation's activities is of critical importance.

Third, the agency should be in close contact with the industry. The stakeholders should be able to contribute to strategic planning for the industry, and for its development. It is also important that the organisation has complete control over all the aspects of the construction industry which has a multitude of aspects. Fourth, as mentioned above, the industry should, preferably, have a role to play in the work of the agency in formulating and implementing its plans. Finally, the agency should be continuously relevant to the construction industry. This implies that its plans, policies, initiatives, procedures and communication channels should be continually reviewed and fine-tuned or radically restructured where necessary.

SECTION FOUR FEATURES OF CONSTRUCTION INDUSTRY IN GHANA

INTRODUCTION

This section considers the key features of the construction industry in Ghana. It focuses on the problems, challenges and strengths of the industry.

PROBLEMS OF INDUSTRY

The problems facing the construction industry in Ghana are similar to those which are commonly seen in reports on the industries in other developing countries. The problems and issues are well exemplified by those which were highlighted in a report on the roads sector of the industry. In that report, the roads sector was seen as being constrained by challenges including³¹:

³¹ Government of the Republic of Ghana (2000) Highway Network Master Plan, 2001-2020: Draft Final Report, Executive Summary. Accra.

- Considerable maintenance problems and backlog in the road network requiring attention
- Need for effective reporting and management information systems
- Serious management gap owing to the drift of young engineers to other organisations
- Focus of donors on specific projects rather than the broad road programme
- Long gestation period of donor loans
- Need to expand the revenue base of Road Fund
- Perennial problem of arrears in payments to road contractors
- Improving local consultancy and contracting capacities
- Decentralisation in the road sector.

Whereas the issues in the preceding paragraph, such as the Roads Fund, are relevant only to the roads sector, the problems highlighted as confronting contracting and consultancy companies are shared by building segment of the industry. According to the same government report, national road contractors face the following problems “regardless of their financial class”³²:

- Inability to secure adequate working capital
- Inadequate management
- Insufficient engineering capacity
- Poor workmanship.

The problems of consultants include³³:

- inadequate operating cash flow
- inadequate flow of jobs
- low level of fees, hinders the development of their technical support system
- low productivity
- poor quality of work
- lack of means and opportunities for providing training.

Thus, it is clear that the construction industry in Ghana faces many problems which require attention. As a result, the industry’s performance in most respects, for example, in terms of cost, time, quality, safety and health of its workers, the durability of its products and the satisfaction of its stakeholders, is inadequate. Similar concerns gave impetus to efforts to develop national programmes to improve the capacity and capability of the construction industry. A systematic and co-ordinated approach to the management and development of the industry in Ghana is a key issue for the nation. The existing organisational network for this purpose should be strengthened, and provided with the necessary resources on a sustainable basis.

Strengths of the Industry

The construction industry in Ghana has some strengths which can be built upon in the effort to develop its capacity and capability, and enhance its performance. These should be identified, and positively exploited.

Challenges and New Imperatives

The challenges facing the construction industry in Ghana are now outlined.

The constraints on the construction industry in Ghana will be exacerbated by several wider trends. Globalisation will be manifested in an inflow of investment into Ghana which will create work opportunities. However, the local construction consultants, contractors and

³² Ibid, p. 144.

³³ Ibid, p. 145.

individual practitioners will face greater competition from their foreign counterparts which are likely to have greater experience and resources. Another challenge will be for the local construction industry to exploit the opportunities offered by the Economic Community of West African States, and address its possible negative impact such as an influx into Ghana of firms from the other member countries.

In the current and future economic regime, public-private partnerships will play an increasingly essential role. These partnerships will be established to invest in, own and operate buildings and infrastructure. These forms of partnership will also be the way in which policy is formulated, and the construction industry managed. Therefore, the construction industry must acquire the necessary skills to make it an effective partner of the government in a wide range of areas.

Changes in the environment in which the construction industry operates make it necessary for practitioners to update their knowledge periodically. In particular, the growth of information and communication technology will continue to have a major impact on many aspects of construction. It will influence the nature of buildings and items of infrastructure; as well as the way in which they are designed and constructed. Ghanaian construction practitioners must acquire knowledge of this technology, and proficiency in its application. Materials and other technologies adopted in construction are also undergoing change at a fast pace, and practitioners must keep up with these trends.

Research on issues relating to the construction industry in many countries is yielding significant results which can help to improve the performance of individuals and organisations in Ghana's industry. For example, researchers have adapted many of the techniques and procedures which have successfully transformed the manufacturing process to construction. These include process re-engineering, total quality management, lean production, supply chain management, and knowledge management. Also relevant is the body of work on appropriate procurement arrangements for construction projects, such as partnering, and management contracting. Local practitioners must keep themselves abreast of developments in the fields of knowledge relating to construction.

Recent Initiatives Relating to Industry Development

There have been some significant initiatives in Ghana which will provide support for the effort to establish an industry development agency in Ghana.

First, the Construction Industry Development Institute (CIDI) has been established at the Kwame Nkrumah University of Science and Technology in Kumasi as a think tank which seeks to offer strategic leadership in the built environment sector “to provide an opportunity to promote understanding and support for construction industry development and improved delivery of infrastructure to the Ghanaian public”³⁴. CIDI outlines its objective as follows³⁵:

As the lead development partner of the Construction Industry Development Agenda (CIDA) of Ghana, our main objective is to coordinate regional—and national- level construction activities and supports the scaling up of construction related development programmes. This we hope to achieve through three core pillars, namely: Promoting Competition Proactively, Rethinking the Construction Industry and Fulfilling the Promise.

CIDI has the potential to play an important role in the groundwork for the establishment of the national industry development industry.

³⁴ <http://www.cidighana.org/pages/index.php?siteid=cidighana&page=about-us>

³⁵ <http://www.cidighana.org/pages/index.php?siteid=cidighana&page=mission-and-objectives>

The second initiative which should be highlighted is the work of the Association of Building and Civil Engineering Contractors of Ghana (ABCEG). The association has undertaken a series of consultations among the stakeholders in the construction industry in Ghana to consider the case for an industry development and regulatory agency. A delegation from the association visited South Africa to study that country's experience in those regards.

SUMMARY

The problems of the construction industry in Ghana have persisted since the series of national development plans, starting with the 1951 plan, proposed initiatives for improving its performance. There is a lack of a comprehensive government policy for the industry. Moreover, there is no dedicated agency managing its continuous improvement. Ghana's construction industry has some strengths. These should be identified and used as the foundation for further improving the performance of the industry. Finally, the industry faces some major imperatives including the impact of globalisation; increasing privatisation; opportunities offered, and challenges posed, by the growth of information and communications technology; and developments in knowledge.

SECTION FIVE THE NEXT STEPS

INTRODUCTION

This final section of the paper is devoted to a brief discussion of a possible approach to the development of the construction industry in Ghana. The brevity of the report in this section is deliberate as the appropriate approach should be determined only through a comprehensive study of the construction industry in Ghana.

AN APPROACH

The following strategy could be considered:

1. appointment of a national committee (or a consultant) to undertake a comprehensive study of the situation in Ghana (see 'outline method' in Appendix One).
2. establishment of an inter-ministerial steering committee to lead the process towards instituting the framework and procedures for improving the industry
3. setting up of an inter-ministerial Industry Development Unit. This would be the working group involved in the development process
4. formation of industry focus groups for specific aspects of the industry
5. consultations with the industry on a strategy and implementing mechanisms
6. preparation of the enabling legislation
7. formation of a national construction industry development agency
8. establishment of construction industry joint council to represent the interests of stakeholders of the industry development agency.

APPENDIX ONE

COMPREHENSIVE CONSTRUCTION INDUSTRY STUDY: A METHODOLOGY

The following approach would be adopted in the comprehensive study of the construction industry in Ghana:

1. the relevant literature will be reviewed. There is a large and growing body of literature on the subject of construction industry development. In this review, the experiences of other countries would be analysed, compared, and applied to the special context of Ghana
2. a questionnaire survey of the construction industry would be undertaken. Since the industry in Ghana is relatively small, all firms and public-sector organisations involved in any of the aspect of the industry will form part of the target group for the survey
3. a comprehensive series of interviews of major players in the industry would be undertaken. This should cover all sections within, or related to, the construction industry, and all the regions of the country
4. a draft report on the study would be prepared
5. a series of workshops would be held in all the regions of Ghana to discuss the key findings with t groups of industry representatives
6. the draft report would be revised to address the feedback obtained during the workshops
7. the report on the study would form part of the strategy for developing the construction industry.

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