

auri research brief

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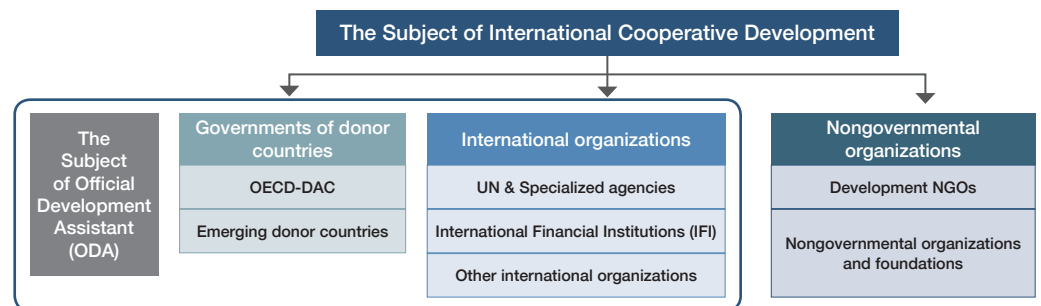
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A Study on Utilizing Official Development Assistance to Support Overseas Expansion of the Architectural Services Industry

The architectural services industry in Korea has kept losing its competitiveness in the international market. However, support from the government for the architectural services industry is very limited when compared to support of the government for the construction and building industry.

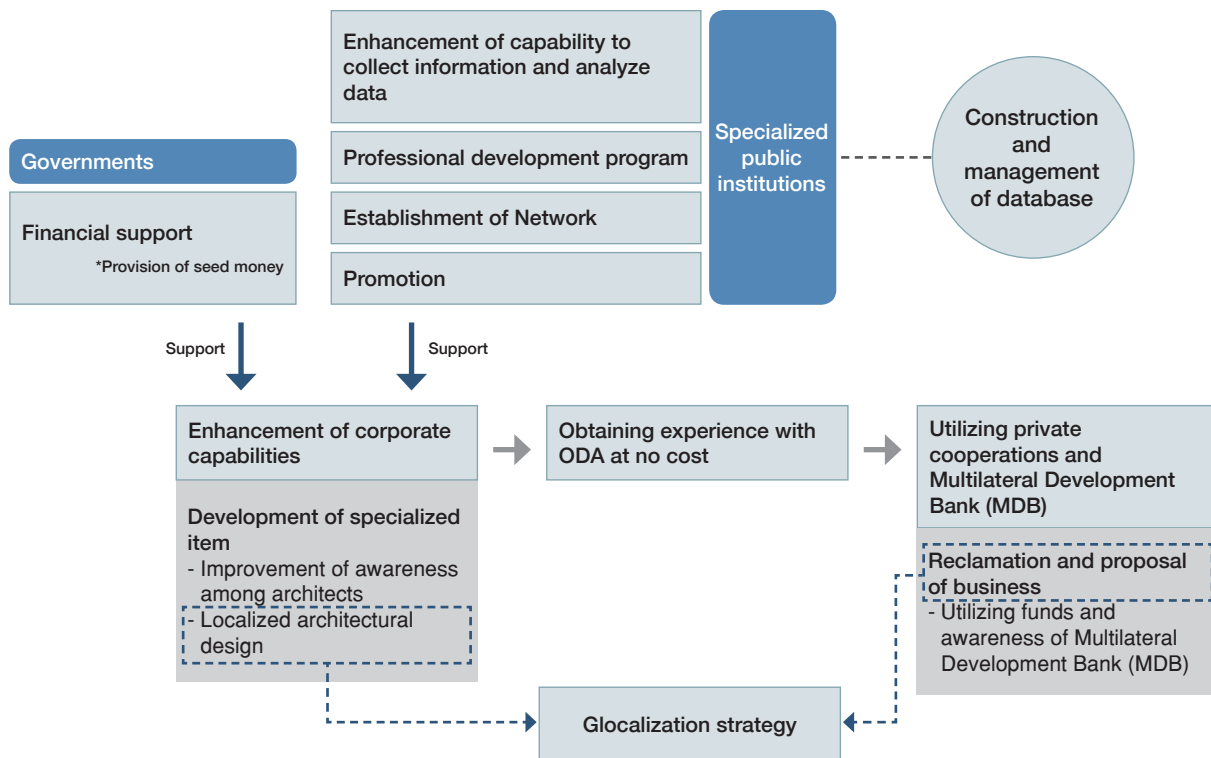
The size of the funding for ODA of Korea has been gradually increasing. Furthermore, under SDGs which are the new ODA goals of the international society, inexpensive housing for poor people in developing countries is one of the core goals. So, it is expected that the international ODA market for the architectural services industry will expand in developing countries.



The Subject of International Cooperative Development

*Source: Written directly

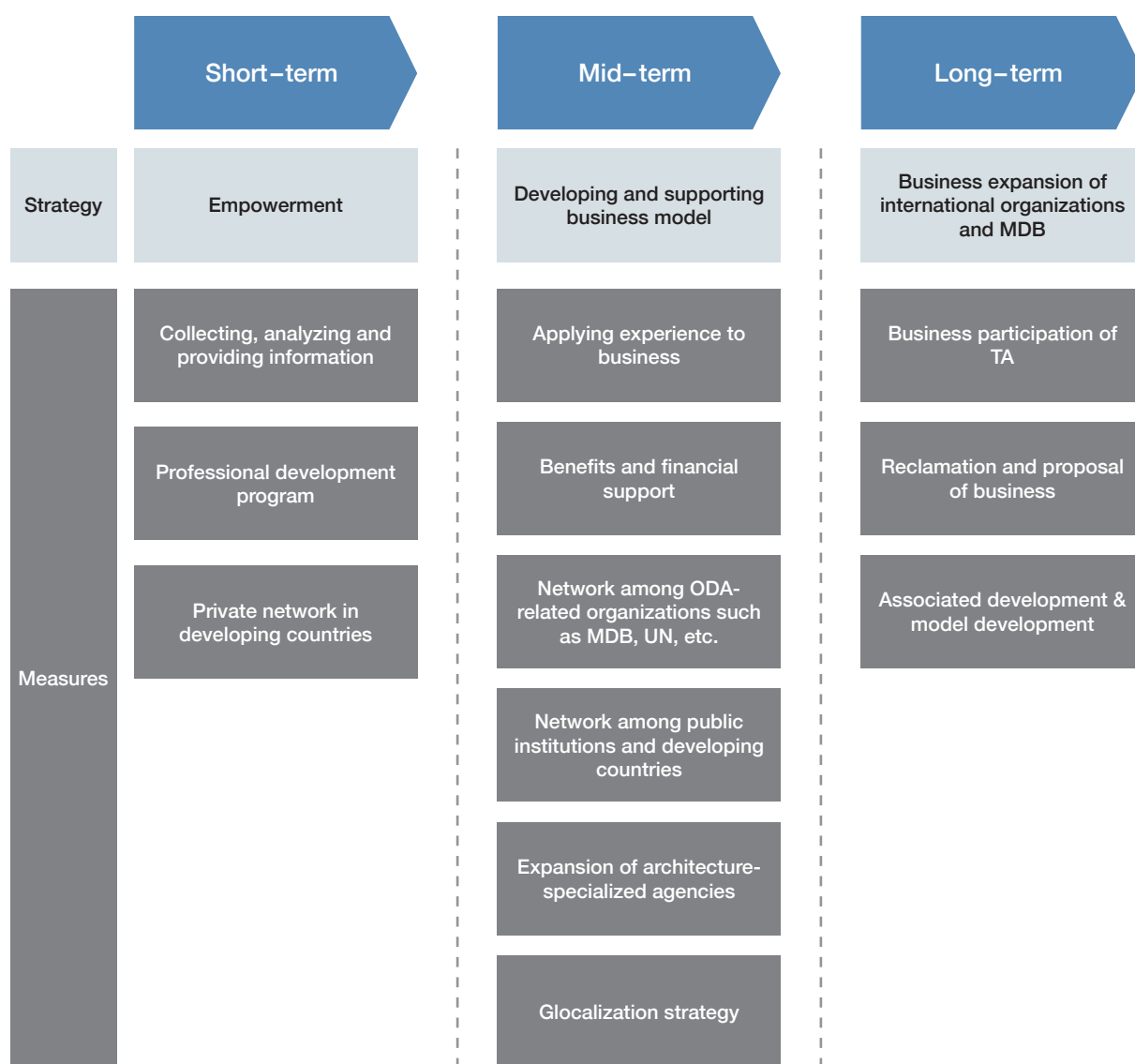
However, not many studies have been done for how to use ODA for the architectural services industry. So, the study firstly aims to review existing policies and studies about ODA and the overseas expansion of the architectural services industry, secondly, to examine strategies of utilizing ODA by other industries and various cases of ODA projects, and finally, to provide measures to utilize ODA for the expansion of the architectural services industry to the global market.



ODA Application Plan Based on Existing Research Proposals

*Source: Written directly

The study sets the MDB market as a realistic goal for the overseas expansion of the architectural services industry. To achieve this goal, the study proposes the development of a road map with 3 periodical strategies: Strengthening internal and external abilities for the overseas expansion as a short-term strategy; Developing a new ODA model for the architectural services industry and supporting the model as a mid-term strategy; Expanding the business into the MDB market as a long-term strategy.



Phased Strategy and Measures for Utilization of ODA

*Source: Written directly

Measurements for the short-term strategy include building an overseas business information system specifically for ODA for the architectural services industry, conducting the professional development program, building networks among civilians in developing countries.

〈Short-term〉

Collecting, analyzing and providing information	
Objective	To Support ODA business expansion by collecting, analyzing, and providing information that enterprises need
Information-gathering nations	26 major nations cooperated with ODA
List of information	<ul style="list-style-type: none"> • Pricing information • Legal information • Technological information • Culture and custom information • Local businesses and expert information
Management and provision of information	<ul style="list-style-type: none"> • Arrangement of collected data by nations and items • Quarterly updating of data • Risk analysis by nations • Publication of guidelines on construction and design by regions
Professional development program	
Objective	Professional development program for ODA business
Fields for education program	<ul style="list-style-type: none"> • Experts(CM experts) education for project management in ODA architectural field • Reclamation of business and developer training • Coordinator training for project management • MDB expert training
Main curriculum	<ul style="list-style-type: none"> • Understanding of ODA • Construction Management(CM) • Real estate development and financing • Project management, contract administration and quality control • Inviting professionals for lectures on recruiting for Multilateral Development Bank
Private network enhancement in developing countries	
Objective	Enhancing information exchange and cooperation between expert groups and private enterprises
Fields for training program	<ul style="list-style-type: none"> • Constructing database on local businesses and expert information • Managing local reputation through performance assessment on ODA business • Building a network by encouraging dispatched employees to attend graduate schools at local universities

Measurements for the mid-term strategy include developing an ODA model which is based on past experiences of development throughout the economy and society of Korea and will provide practical advice for developing countries. A good example for such model would be the Saemaeul movement which had been undertaken during the 1970s for the development of rural areas in Korea. The Saemaeul movement consisted of projects involving the re-building of houses, which could be applied to many aspects of developing countries. In addition, proper support is also required, including financing and guarantees of the government or banks, networking with the governments of developing countries and MDBs, increasing the number of staff in ODA authorities of Korea working for architectural services, research and developments for sustainable technologies for developing countries for both the environment and economy, etc.

〈Mid-term〉

Reflecting our experience on businesses		
Objective		Provision of developed model for ODA business based on Korean development processes in the past
Requirements for business model		<ul style="list-style-type: none">• Developing integrated models like The Saemaeul movement due to the characteristics of the architectural field• Model development such as housing improvement and development for a Post-2015 system• Application of appropriate technologies to developing countries
Financial support and tax benefits		
Objective		<ul style="list-style-type: none">• Acquiring sources of various financial resources for ODA business promotion of international organizations such as MDB, etc.• Boosting ODA business expansion through allowing tax benefits
Measures		<ul style="list-style-type: none">• Increasing assurance of ODA architectural and urban businesses• Preparing plans on loan support and assurance for small and medium-sized enterprises• Tax benefits for enterprises conducting ODA businesses
Utilization and construction of overseas networks		
Objective		Establishing a basis of TA business and MDB business expansion conducted by architectural firms throughout overseas networks
Target		<ul style="list-style-type: none">• International agencies involved in ODA such as MDB• Civil servants in developing countries
Measures		<ul style="list-style-type: none">• Expanding opportunities to invite individuals involved in MDB and hold lecture meetings• Providing scholarship via MDB• Hosting integrated reunions inviting all civil servants in developing countries and trainees who work for agencies engaged in domestic business• Offering opportunities to listen to the demands from enterprises in developing countries and extending exchange by cooperating to hold fairs with our company.
Increase in the number of architectural experts		
Objective		Increasing expertise and efficiency in architectural business through agencies involved in ODA
Measures	Phase 1	Acquiring architecture-specialized agencies of Korea International Cooperation Agency in each nation and region
	Phase 2	Foundation of architecture-specialized agencies for other ODA agencies
Glocalization strategy		
Objective		Ensuring competitiveness to perform local business activities of our company
Measures		<ul style="list-style-type: none">• Ensuring competitiveness by means of subcontracting and joint demand and supply with local enterprises• Applying construction methods compatible with local cultures and environments

Measurements for the long-term strategy include winning a contract for TA projects within MDBs' projects, and developing ODA projects by companies themselves and making a proposal of the developed projects to MDBs.

〈Long-term〉

Reclamation and proposal of business and participation in TA business	
Objective	Participating in businesses of MDB and international agencies and obtaining contracts of the businesses
Measures	<ul style="list-style-type: none"> • Accumulating business experience and track records by participating in TA business • Consistently creating new businesses through reclamation and proposal of new businesses
Associated development & model development	
Objective	Comprehensive business implementation by integrating various related sectors from development to management
Measures	<ul style="list-style-type: none"> • Constructing systems to offer total service concerning urban development from facility maintenance services to consulting services in developing countries • Construction of private cooperation system • Establishing an agency to manage all phases of business and adjust workload between participating agencies and enterprises

The study also proposes 3 measurements to expand business into MDB market: Winning contracts of TA projects of MDBs, suggesting proposals for ODA projects, and making a joint development system in which various business parties work together for development, financing, construction and management.

Among various measurements for each strategy, the study particularly emphasizes the two fundamental requirements to strengthen the abilities of the architectural services industry: building an overseas business information system and training proper professionals.

There are several public organizations performing the work of gathering information from foreign countries. However, the information is not managed by a single organization and not sufficiently provided to companies. So establishing an new organization is required to manage and analyze the information collected by various other public organizations.

In terms of training professionals, MDBs assess the ability and experience of personnel participating in their projects. So, having trained and experienced professionals is essential for companies to win contracts. However, training professionals for ODA projects is rather different from training professionals just for the architectural services industry.

As a result, the study proposes a new Overseas Information Center and development of an education system and programs.

〈Policy Improvement Plan〉

Overseas information center		
Objective		Establishing an agency to manage all collected and retained information, efficiently collect, manage and offer essential information for the convenience of business expansion
Progress details		<ul style="list-style-type: none">• Constructing information collection systems on a regular basis by utilizing existing public institutions• Devising systems such as collection methods and lists of information data needed for enterprises• Synthetically and systematically managing collected information by constructing databases• Analyzing collected data by areas (regions) and nations• Offering data via portal sites• Providing optimized information to each enterprise
Measures		<ul style="list-style-type: none">• Alt 1: Foundation of organizations• Alt 2: Improvement of existing organizations
Reinforcement of Professional development program		
Objective		Ensuring the stable supply of an overseas-dispatched workforce by training experts equipped with knowledge in overseas architectural businesses as well as in ODA businesses.
Fields for education program	Phase 1	CM expert
	Phase 2	Developer and Coordinator
Progress details		<ul style="list-style-type: none">• Establishing architecture and urban business-related departments and adding an ODA class at Meister school• Establishing specialized courses at colleges and graduate schools• Establishing courses that utilize existing programs for current employees• Textbook development and enlistment of the help from educational professionals

The center should be a software-oriented organization mainly involved in assembling existing information, analyzing and providing data and information to architectural companies. The center will work towards developing a DB, categorizing information, conducting surveys to assess customers' demands, and analyzing information by regions and countries.

Education programs for professionals require knowledge about architecture engineering and business, as well as ODA. On a short-term basis, the program emphasizes the training of CM experts. On the other hand, on a long-term basis, it emphasizes the training of developers and coordinators. For the education system, a purpose-built high school (Meister high school), undergraduate, post-graduate and expert courses are proposed.

Key words : Architectural Services Industry, ODA, MDB, Overseas Expansion Strategies, Overseas Information Center, Professional Development Program

