



**NIGERIAN INSTITUTE OF
QUANTITY SURVEYORS**
The professional construction cost managers.

ADOPTION AND IMPLEMENTATION OF ICMS FOR TRANSPARENT INFRASTRUCTURE COST MANAGEMENT IN NIGERIA

Presented by

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30TH BIENNIAL CONFERENCE AND GENERAL MEETING

THEME:

**INTEGRATED COST MANAGEMENT SOLUTIONS FOR SUSTAINABLE INFRASTRUCTURE
PROJECTS DELIVERY: A KEY TO NATIONAL ECONOMIC DEVELOPMENT**

VENUE: NICON LUXURY HOTEL, PLOT 903, TAFAWA BALEWA WAY, AREA 11, GARKI, ABUJA, FCT.

NOVEMBER 21st -25th, 2023



Agenda

'We cannot solve our problems with the same level of thinking that created them.' – Albert Einstein

- ▶ **Introduction to ICMS:** Aims/Benefit and Target Benefits
- ▶ **Background:** How was it form/ who was involved/Purpose
- ▶ **ICMS Standards:** Cost classification; how it is used
- ▶ **Adoption**
- ▶ **Conclusion**



ICMS

What are the aims of ICMS



- Construction cost and other **life cycle costs** to be **consistently and transparently benchmarked**
- Causes of **difference in costs** between projects and constructed assets can be identified
- Properly **informed decisions** on the design and location of construction projects to be made
- Data to be used with **confidence** for project financing and investment, programme and decision-making and related purposes



What are The Benefits of ICMS



- **Consistency and Transparency:** *ICMS provides a globally consistent framework for classifying, defining, recording, and analysing, presenting, and comparing life cycle cost and carbon across assets. This brings much needed transparency and cross border comparability*
- **Improve Financial Management:** *The Standard improves financial management by standardising and enhancing cost prediction and control data. It also aids in the forensic analysis of construction costs*
- **Environmental Sustainability:** *The ICMS helps optimize environmental sustainability in the built environmental impacts of decisions with respect to material selection, foundation design, and energy use and production.*



ICMS

What are The Benefits of ICMS...Cont'd



- **Benchmarking:** *Governments, professionals, firms, and financial institutions can benchmark with similar projects around the world. This supports transparency of costs and embodied and operational carbon across the life cycle of projects.*
- **Support Decision Making:** *The ICMS reporting structure enables decision to be taken on the basis of total cost of ownership, including the environmental impacts of decisions with respect to material selection, foundation design, and energy use and production*
- **Global Adoption:** *Since its launch, ICMS has been adopted and supported globally by various government bodies, international firms, and professional institutions. This widespread adoption testifies to the important role that ICMS plays in decarbonisation and cost management.*



ICMS



Target Benefits from ICMS

- **Government:** *The ICMS allows government to benchmark with similar projects around the world and have transparency of costs and embodied and operational carbon across the life cycle of projects*
- **Professionals:** *Professionals in the construction industry, such as quantity surveyors and cost consultants, can deliver cost estimates and financial reports in line with ICMS. It also provides a consistent means of grouping, classifying, and reporting construction and infrastructure projects costs*
- **Firms:** *Construction firms can use ICMS to provide consistency across countries and locations for all the costs associated with projects. It also allows firms to benchmark with similar projects around the world*



ICMS



Target Benefits From ICMS...Cont'd

- **Financial institutions:** *Financial institutions can use ICMS to understand and compare the costs of construction and infrastructure projects, which can aid in investment decisions*
- **Organisations:** *Organisations involved in construction and infrastructure projects can benefit from the transparency and cross-border comparability provided by ICMS*
- The **public** will benefit through enhanced, prudent assessments of public projects

By bringing much-needed transparency and cross-border comparability, ICMS allows these stakeholders to have a clear understanding of costs and embodied and operational carbon across the life cycle of projects





ICMS Coalition



Coalition organisations

The ICMS Coalition is a rapidly growing partnership of leading organisations from every continent of the world, committed to producing and supporting one shared standard for construction measurement. Starting with meetings at the International Monetary Fund in May 2015, the Coalition created an independent standard setting committee and committed to the vision of one shared and international standard.

Standards Setting Committee

The Standards Setting Committee comprises of 27 independent experts, from 17 different countries. They've been appointed by the coalition to draft and consult on the new International Construction Measurement Standards.

ICMS Coalition



ICMS



PURPOSE of ICMS

- **Standardization:** *ICMS provides a standardized and consistent method for the calculation and presentation of construction costs at project, regional, state, national, or international level, This helps to eliminate inconsistencies and discrepancies when accounting, comparing, and predicting project finances.*
- **Transparency and Comparability:** *By providing a uniform methodology for cost management, ICMS enhances transparency and comparability across different projects, sectors, and markets. This is particularly beneficial for global investors and those involved in international projects.*
- **Benchmarking:** *ICMS allows for effective benchmarking of costs globally, which can lead to more efficient resource allocation and better value for money.*



PURPOSE of ...cont'd

- **Life Cycle Costing:** *The ICMS Framework incorporate life cycle costs, enabling practitioners to classify costs across the whole project life cycle. This helps in understanding the total cost of ownership.*
- **Sustainability:** *The latest edition of ICMS (ICMS 3) provides a common reporting framework allowing the interrelationship between construction costs and carbon emission to be explore. This supports the construction industry's efforts towards environmental sustainability.*
- **Decision Making:** *The ICMS reporting structure enables decisions to be taken on the basis of total cost of ownership, including the environmental impacts of decisions with respect to material selection, foundation design, and energy use and production.*

ICMS Evolution

2021

1st and 2nd edition

International Cost Measurement Standards

This standard aims to implement international standards for benchmarking, measuring and reporting construction project cost.

**1st – Construction Cost +
2nd – Life Cycle Cost +**

3rd edition (November 2021)

ICMS: International Cost Management Standard

3rd – Life Cycle Cost and Upfront Embodied Carbon and Operational Carbon

Why ICMS 3?

The built environment responsible for around 40% of the global carbon emissions, it is crucial that sustainable practices are adopted to achieve net-zero ambitions.

What do the standards cover?



- **ICMS 1:** The first edition published in July 2017, provided a single methodology for reporting, grouping, and classifying construction project costs.
 - *It included various project types such as roads, railways, bridges, tunnels, waste water treatment works, pipelines, wells and boreholes, power-generating plants, chemical plants , and refineries.*
- **ICMS 2:** Published in September 2019, the second edition extended the scope to include life cycle costs and a wider coverage of project types.
 - *It enable practitioners to classify costs across the whole project life cycle, eliminating inconsistencies and discrepancies when accounting, comparing, and predicting project classifications were added: dams and reservoirs, and mines and quarries.*

What do the standards...Cont'd



- **ICMS 3:** The third edition published in November 2021, recognized the criticality of reducing greenhouse gas emissions to avert a disaster caused by global climate change.
 - *It extended the scope to include carbon emissions and a wider range of project types. The third edition provides the opportunity to make decisions about design, construction, operation, and measurement of the built environment that optimize environmental sustainability.*
 - *It also extends the number of civil engineering Projects or Sub-Projects to include ‘Offshore structures’, ‘Near shore works’, ‘Ports,’ ‘Waterway works’, and ‘Land formation reclamation.’*

Adopting ICMS in Nigeria



Adopting the International Cost Management Standard (ICMS) in Nigeria would involve several steps:

- **Awareness and Education:** *The first step would be to raise awareness about ICMS among stakeholders in the construction industry, including government bodies, professional institutions, construction firms, and financial institutions. This could involve seminars, workshops, and training programs to educate these stakeholders about the benefits of ICMS and how it can be implemented.*
- **Comparing Costs:** *Government support is crucial for the adoption of ICMS. The government could play a role in promoting ICMS and encouraging its use in public sector projects. This could involve incorporating ICMS into public procurement policies and guidelines.*

Adopting ICMS in Nigeria



- **Implementation in Projects:** *Construction firms could start implementing ICMS in their projects. This would involve classifying, defining, recording, analysing, presenting, and comparing life cycle cost and carbon across assets, from buildings and bridges to ports and offshore structures.*
- **Review and Improvement:** *After implementing ICMS, it's important to review its effectiveness and make necessary improvements. This could involve collecting feedback from stakeholders, analysing the impact of ICMS on projects costs and outcomes, and making adjustments as needed.*
- **Professional Institutions:** *Professional institutions in the construction industry, such as the Nigerian Institute of Quantity Surveyors, could play a key role in promoting ICMS among their members. They could provide training and resources to help their members understand and implement ICMS.*

Remember, the implementation of ICMS requires the services of experts, and it's important to have a team that understands the ICMS and its publication

Challenges of Adopting ICMS in Nigeria



While there's no specific research on the challenges of adopting ICMS in Nigeria, we can infer potential challenges based on the experiences of other international standards adoption in the country. Here are some potential challenges:

- **Existing Laws and Regulation:** *Some of the local regulations may conflict with ICMS when it comes to local circumstances because some of those domestic financial reporting policies may not have been amended to accommodate ICMS.*
- **Review and Improvement:** *The implementation of ICMS could be costly, especially for smaller organisations or projects with limited budgets.*
- **Technology and Technical Capacity:** *There might be a lack of necessary technology and technical expertise to implement ICMS. This includes both the hardware and software needed to track and report costs according to ICMS, as well as the human expertise to understand and apply the standard*

Challenges of Adopting ICMS ...Cont'd



- **Level of Awareness:** *There might be a low level of awareness about ICMS among stakeholders in the construction industry. This could hinder the adoption of the standard.*
- **Level of Education:** *The level of education and training in ICMS among professionals in construction industry might be low. This could limit the ability of those professionals to effectively implement and use ICMS.*
- **Enforcement:** *There might be challenges related to the enforcement of ICMS. Without proper enforcement mechanisms, organisations might not be motivated to adopt the standard.*
- **Institutional Framework:** *The institutional framework might be weak, which could hinder effective implementation.*

Challenges of Adopting ICMS ...Cont'd



- **Resistance to Change:** *Industry professionals and organizations may be resistant to change and reluctant to adopt new standards, especially if they are comfortable with existing practices.*
- **Donor-Funded Programmes:** *The effectiveness of donor-funded programmes could be limited, which might affect the resources available for ICMS implementation.*
- **Corruption:** *Corruption could pose a challenge to the effective implementation of ICMS.*

These challenges highlight the need for concerted efforts by all stakeholders, including government bodies, professional institutions, construction firms, and financial institutions, to successfully implement ICMS in Nigeria.

Role of NIQS in Adopting ICMS in Nigeria



The NIQS could play a crucial role in adopting ICMS in Nigeria. Here are some potential roles they could play:

- **Education and Training:** *The NIQS could provide education and training to its members on ICMS. This could involve organizing workshops, seminars, and training programmes to help quantity surveyors understand and implement ICMS.*
- **Promotion of ICMS:** *The NIQS could promote the use of ICMS among its members and the wider construction industry in Nigeria. This could involve advocating for the benefits of ICMS and encouraging its use in construction projects.*
- **Guidance and Support:** *The NIQS could provide guidance and support to quantity surveyors and construction firms implementing ICMS. This could involved providing resources and tools to help with the implementation of ICMS*



Role of NIQS in Adopting ICMS ...Cont'd

- **Collaboration with Other Bodies:** *The NIQS could collaborate with other professional bodies, government agencies, and educational institutions to promote the adoption of ICMS. This could involve joint initiatives and partnership.*
- **Influence Policy:** *The NIQS could influence policy related to construction cost management. This could involve advocating for the incorporation of ICMS into public procurement policies and guidelines.*
- **Research and Development:** *The NIQS could conduct research and development activities related to ICMS. This could involve studying the impact of ICMS on construction cost management and developing new methods and tools to enhance its implementation.*

Remember, the successful adoption of ICMS in Nigeria would require concerted efforts from all stakeholders, including professional bodies like the NIQS.

Adoption Of ICMS By Other Countries



The International Cost Management Standard (ICMS) adopted by Various Countries. Here are few Examples:

- ❑ **United Kingdom:** *RICS has adopted ICMS as the basis for its cost reporting standards, and it was considered for use in construction projects in the UK*
- ❑ **United States:** *Various industry organizations and associations are adopting ICMS to enhance consistency and transparency in construction cost reporting*
- ❑ **Australia:** *Australian Institute of Quantity Surveyors (AIQS) have integrated ICMS into their practices, promoting transparency and consistency in cost management.*
- ❑ **Canada:** *The Canadian Institute of Quantity Surveyors (CIQS) has endorsed ICMS as a reference framework for cost management practices..*
- ❑ **Singapore:** *The Building and Construction (BCA) of Singapore has incorporated ICMS principles into its procurement and cost management guidelines..*



Adoption Of ICMS By Other... Cont'd

- ❑ **United Arab Emirates (UAE):** *The UAE has recognized the importance of ICMS in the construction industry. The Emirate Society of Chartered Accountants (ESCA) has adopted ICMS for cost management and reporting purposes.*
- ❑ **Republic of Ireland:** *The Republic Ireland has adopted the ICMS. A significant recent adoption of ICMS has been from the Irish Government, which announced forthcoming amendments to it suite of Public Works Contracts.*

“The reporting structure provided by ICMS will enable decisions to be taken on the basis of the total cost of ownership including the environment impacts of decisions with respect to material selection, foundation design and energy use and production. Combine with the data handling capacity of BIM and the availability of greater levels of information on materials and building components, contracting authorities and their project teams can review a project’s environment standing at all stages of its delivery lifecycle with ICMS. The information recorded can be used in the lifecycle of the assets to support decisions around sustainability and the circular economy.” — OSSIAN SMYTH (Minister of State responsible for Public Procurement and eGovernment)

Adoption Of ICMS By Other Entities



The International Cost Management Standard (ICMS) by Various entities globally. Here are few Examples:



Conclusion



The adoption of the International Cost Management Standard (ICMS) in Nigeria could bring about significant improvements.

Adoption of ICMS in Nigeria would require concerted efforts from all stakeholders

The NIQS could play a crucial role

In conclusion, while the adoption of ICMS in Nigeria may present some challenges, the potential benefits makes it a worthwhile endeavour. With the right support and resources, Nigeria could successfully implement ICMS and set a new standard for Cost Management in the construction industry.

**THANK YOU
for
Listening**

ICMS

