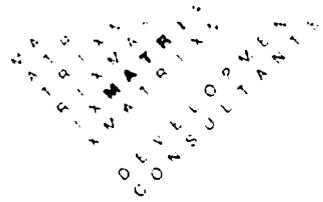


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SWAZILAND CONSTRUCTION SECTOR STUDY

A REPORT FOR USAID/SWAZILAND

APRIL 1990

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SWAZILAND CONSTRUCTION SECTOR STUDY

EXECUTIVE SUMMARY

Rapid urbanization in Swaziland in recent years has led to increased informal settlement and put strains on existing urban infrastructure.

The Government of Swaziland is taking steps to improve services and infrastructure in the Manzini-Mbabane corridor and preparation of a proposed \$90 million World Bank-assisted urban development project is underway.

A substantial amount of basic settlement upgrading is planned and it is anticipated this would be undertaken by small to medium size formal sector contractors.

Public and private sector construction works in Swaziland are carried out by registered contractors who under present arrangements can be totally foreign owned. For many years the construction sector has been dominated by foreign-owned contractors, and the Swaziland contractors' participation in the market has been small.

The industry fails to capitalise on the high level of employment opportunities that this building construction normally generates. The absence of a well developed small to medium scale construction sector places significant restraints on the implementation of the proposed World Bank project and on the the growing GOS capital investment programme.

This RHUDO/USAID Swaziland study shows that there are approximately 34 small contractors in the Kingdom. They are very small, with limited management and financial resources. Their average annual turnover is only \$175,000.

During interviews with a selection of contractors, commercial banks, government and training institutions, it has been established that growth of the industry has been constrained by limited management skills, working capital, knowledge of construction and contract procedures, material supply problems, and difficulties in providing the necessary collateral for bank loans and performance bonds.

The training institutions in Swaziland have produced well qualified skilled artisans, and workmanship generally in the country is of a higher standard than many countries in the region. There are also courses available for general and financial management, but these are inappropriate for the small contractor who may only employ 3-6 full-time staff.

There are opportunities in a market seen to be rising after a number of years of stagnation. Plant and equipment is available for purchase or hire. Materials can be purchased with more careful procurement. Finance is available from the commercial banks, but the contractors must show they are prepared to improve their management and involve the banks to a greater degree in cashflow management.

Shortages of materials and fluctuating prices place high risks on small contractors. There is a need for Government intervention to improve the supply of locally available and imported materials and manufactured components.

Similarly it is recommended that the Government completes a well-prepared exercise to obtain details of the capacities and experience of all registered contractors. With this information contractors can be categorized to ensure they are only eligible to tender for contracts appropriate to their available resources.

Formal training to improve financial and general management provides few guarantees. It is recommended that a programme of on-the-job training be established.

It is proposed to provide contractors with construction management advice from advisers experienced in the operation of small/medium contracting companies. The advice will be profit-orientated, and will seek to achieve this by improving financial cashflows and records, assistance with tender preparation and pricing, guidance on contract procedures and requirements, and improved deployment and supervision of labour and plant. The construction advisers will also assist the contractor in discussions with the commercial banks, to agree undertakings that will ensure greater confidence in the industry, and to carefully control expenditure.

SWAZILAND CONSTRUCTION SECTOR STUDY

1. INTRODUCTION

The rapid rate of urbanization in Swaziland in recent years has led to increasing informal settlement in peri-urban areas and placed significant strains on existing urban infrastructure. The Government of Swaziland (GoS) is now taking steps to improve its urban planning capabilities as well as services and infrastructure in the Manzini-Mbabane corridor. Preparation of a proposed \$90 million World Bank-assisted urban development project is underway. A substantial amount of basic infrastructure construction including settlement upgrading is planned.

This type of basic construction would normally be undertaken by small or medium scale, formal sector contractors. However, most infrastructure development in the Kingdom to date has been undertaken by large foreign (or foreign-owned) firms. As a result, the small and medium scale sector of the construction industry in Swaziland is not well developed.

The absence of a well developed small/medium scale construction sector in Swaziland constitutes a significant restraint upon not only implementation of the proposed Bank project, but upon general economic development and creation of employment opportunities attendant upon the continuing urbanization process. This RHUDO study, undertaken together with USAID/Swaziland, examines the existing small/medium scale construction capacity in the Kingdom. It identifies constraints which have impeded growth of this labour intensive sector, and proposes a programme to increase the opportunities for future expansion.

2. BACKGROUND

Approximately eighty construction firms are registered with the Ministry of Works and Communications (MWC) although the Ministry estimates that only 41 of these firms are active. Of these, seven have expatriate directors and are considered foreign-owned. This leaves a total of 34 indigenous construction firms operating in Swaziland¹. The construction market is open to all registered contractors and there are no plans or intentions to restrict the eligibility on the basis of shareholding by citizens¹.

Small to medium size contractors in Swaziland rarely employ more than twenty fulltime staff. Often fulltime staff will not exceed 5-10, with artisans employed for specific projects, and for limited periods.

The percentage of Gross Domestic Production (GDP) attributed to the construction sector has been gradually decreasing over a six year period,

¹ Ministry of Works and Communications (Mr Madlopha, Principal Building Officer)

² Ministry of Works and Communications (Mr Mulinga, Permanent Secretary)

though interviews with contractors and Government officials indicate an appreciable increase in 1990. In 1984 the construction sector represented 3.6 percent of GDP. However by 1988 the percentage of GDP attributed to the sector had dropped to 2.9 percent and the average growth rate of the construction sector over the 1984-88 period actually decreased by .2 percent per annum³. This decrease is the result of a variety of factors which will be discussed in Section IV.

The table below illustrates the Government's previous, current, and proposed capital expenditure budgets from FY84/85 through FY92/93.

Table 1. Capital Expenditures (EM)

84/85	85/86	86/87	87/88	88/89	89/90	90/91	91/92	92/93
53.8	87.3	73.3	65.9	65.3	98.2	174.5	211.6	244.8

Source: Development Plan, 1990/91-92/93

The majority of the capital expenditure budget has been used in the agriculture, health, and education sectors⁴. In FY90/91 the Ministry of Works and Communications budget was E60 million and this represented 34 percent of the total capital budget. Approximately 10 percent of the Ministry's work is undertaken by direct labour and the Ministry has recently determined that they would like to reduce this figure. The vast majority of the Ministry's work is undertaken by relatively small, Swazi contractors. The Ministry of Works and Communications expects its budget will be increased to E70 million by FY92/93⁵.

The amount of privately financed construction is extremely difficult to identify as no summary records are maintained on the value of privately finance infrastructure. Nonetheless, a report prepared by the Cooperative Housing Foundation in 1980 estimates the amount of privately financed construction activities in Swaziland did not exceed 10 percent of total construction. Recent building permit information provides some insight. The table below illustrates the increase in building permits issued and their total value.

³ 1990/92 Development Plan

⁴ ibid

⁵ Discussions with MOWC (Mr Madlopha, Principal Building Officer)

Table 2. Total Urban Building Permits and Value 1982-89

Year	No. of Permits	Total Value (EM)
1982	219	7,974.7
1983	NA	8,244.4
1984	235	7,831.2
1985	252	9,218.9
1986	199	8,733.6
1987	265	17,934.2
1988	327	32,758.3
1989	289	27,608.8

Source: Central Bank of Swaziland, Quarterly Review, December, 1989

Although the majority of these permits were for residential developments, the recent increase, particularly in regard to total value, indicates an increase in construction activities and particularly privately financed construction. Interviews with local architects, quantity surveyors and private contractors indicated that the value of privately financed construction activities, including the Matsapha Industrial Area, now totals approximately 30 percent of the total value of construction in the Kingdom.

As indicated by the decrease in GDP, employment in the construction sector up to 1987 also decreased. Between 1981 and 1987 formal sector construction employment in the public and private sector decreased by 30 percent while overall employment increased by four percent⁶. As a result, the construction sectors share of total employment has decreased from 8.5 to 5.8 percent. Approximately 65 percent of these jobs were with private construction firms. The vast majority of these employees are Swazi and male.

In 1987 30 percent of the employees in the construction sector were skilled or semi-skilled and 65 percent were unskilled. In addition, 76 percent of all employees worked for construction firms with over 100 employees. Average earnings for skilled workers in the sector have increased steadily while unskilled construction labour has consistently been amongst the lowest wage earners.

These figures do not include any informal sector construction employees. Overall employment figures for 1987 show that approximately 13 percent of all employment was in the informal sector⁷.

In general, these data illustrate that activities within the construction sector declined during most of the 1980's. Nonetheless, there are some indications through these statistics and interviews that construction activities in Swaziland increased between 1988 and 1990. Unfortunately no construction sector employment figures are available beyond 1987.

⁶ Employment and Wages (1987)

⁷ Economic Review and Outlook

3. EXISTING PROGRAMMES OF SUPPORT

Despite the small size of the construction industry in the Kingdom, there are three institutions which have supported the construction industry over the last decade. The Swaziland College of Technology and the Vocational Training Institute, Matsapha support artisan training with some commercial and business management courses, whereas the construction support department of the Swaziland Enterprise Development Company recognized the shortcomings of small contractors and the need to improve their management and construction supervision capacity. Though all three organisations recognize the problems of the smaller contractors there has been little concerted effort to find satisfactory solutions.

In the past there was an association formed to share ideas and to support the interests of the construction industry. This no longer exists. Similarly the Swaziland Chamber of Commerce, which for many years was inactive, has only recently re-formed and its members are keen to exchange ideas with similar organisations and to support business enterprises in the Kingdom.

3.1 Swaziland College of Technology (SCOT)

This is a vocational training institution and has been teaching construction skills since 1946. The construction department provides training in bricklaying, plumbing, painting, and carpentry, and other building trades. Approximately 25 to 30 students are enrolled in the construction programme each year and, upon completion of the two year programme, students receive a London City and Guilds Certificate, which is a standard British grading system for apprentices and craftsmen. However, after 1990, SCOT will be offering a local diploma in construction studies, replacing the London City and Guilds certificate.

SCOT has also recently begun a programme to develop entrepreneurial skills. Students are selected from the technical programmes and are exposed to a variety of modules. However, no basic business skills related to accounting, management, etc. are included⁸.

3.2 Vocational and Commercial Training Institute (VOCTIM), Matsapha

VOCTIM is a relatively new organization supported by the German Agency of Technical Assistance (GTZ). Training which relates to the construction industry includes woodworking, metalwork, electrical, joinery, cabinet making, block and bricklaying, plastering, and tiling. Approximately 50 students are admitted each year. The four year programme includes 24 months of on-the-job training with local construction companies. Some difficulty has been experienced finding suitable construction companies willing to receive the trainees for the on-the job training.

VOCTIM also offers a business administration program which teaches basic bookkeeping, management principles and some computer skills. However, there are no specific courses targeted to construction management or planning. The

⁸ Discussions with the Principal, Mr Lukelle

GOS recently announced that they hope to construct a VOCTIM facility in each district bringing the total number to four. There is little recognition by either VOCTIM or SCOT of each others activities, and no liason on curriculum development.

3.3 Small Enterprise Development Company (SEDCO)

SEDCO is connected with the Ministry of Commerce and Industry and it provides assistance to a variety of emerging Swazi businesses. The building branch, in its present form, started in the late 1970's. At that time a programme was established to assist, both administratively and financially, small, locally-owned and operating construction firms. SEDCO's technical assistance included help in managing procurement, programming, plant and equipment, bookkeeping, and engineering. Teams of experts visited contractors at their sites. No specific courses were offered. SEDCO did not offer pre-tender assistance and they did not bid on behalf of contractors.

In exchange for these services SEDCO collected a 2 to 3 percent fee. The general view of the local financial institutions and contractors is that the SEDCO assistance was helpful. However, some of the Contractors failed to appreciate exactly how their Contracts were being assisted financially and were surprised to learn at the end of a Contract that they had in fact lost money.

In addition to technical assistance, SEDCO also had a loan facility and issued their own Performance Bonds thereby accepting the risk on behalf of all participating Contractors. Funds were provided annually from the Ministry of Commerce and Industry to SEDCO and a revolving fund was to be established. Most of these funds were used for short-term, construction financing and loans ranged from E20,000 to E400,000. Loans were administered by SEDCO and the interest rate was highly subsidized. However, by 1988 all funds had been exhausted and losses, due to non-payment by contractors, totalled E2.5 million. Since that time no loans or technical assistance have been provided by SEDCO.

Apart from the reduction in available funds, SEDCO failed because of insufficient initial planning. The extent of assistance, numbers and skills of advisers, the total size of the assistance programme, administration, transport, etc.. were not adequately assessed before to programme commenced.

4. CONSTRAINTS AND OPPORTUNITIES

Small and medium sized private contractors are not expanding, they are unbusiness-like in their approach, and they are failing to participate in the market held by foreign-owned contractors. Discussions were held with the Ministry of Works and Communications, commercial banks, the insurance company, architects and quantity surveyors, technical training institutions and individual contractors.

Ten contractors were interviewed⁹. MOWC selected eight contractors who were available for interview from the list of 17 'active' companies and who represented the small/medium size group, plus two larger well-established firms. There was no prior screening.

The majority of small contractors in Swaziland are very small. Apart from one exception none of the firms had expanded despite being in business for 9-12 years. Of the eight small firms interviewed approximately 20% had only very basic construction knowledge and these firms would not be expected to respond positively to assistance at any level.

4.1 The following is a summary of the most common constraints preventing growth of the small/medium scale construction industry:

4.1.1 Management Skills

Almost without exception, contracting companies are started by individual builders who have adequate practical skills but little or no financial and organizational experience. Most recognize the need to improve their management ability but cannot afford to make the necessary investments in staff or training. Problems also arise in maintaining fulltime employment during the downtime between contracts.

4.1.2 Working Capital.

The construction industry is considered a business that can be entered with minimal working capital. If contractors are fortunate to be invited to tender and are awarded a contract, they start work in the belief that they will be able to borrow sufficient funds to see them through to their first payment. This can be anything up to eight weeks from commencement of the contract.

The commercial banks are willing to provide short-term loans provided sufficient surety can be found¹⁰. Banks need to be confident that the surety can be disposed of without complication, and that the contractor has been awarded a properly prepared contract from a reputable client. These requirements ensure that bank loans often are out of reach for the small construction entrepreneur. Even if successful, the interest rates on construction financing are high (currently 20%), repayments demanding, and few guarantees can be given to the banks. Most Contractors hope that by obtaining credit for materials and employing labour sufficiently desperate to wait for their wages, they will make it through to the first payment¹¹.

⁹ See SURVEY OF CONTRACTORS - ANNEX I

¹⁰ Discussions with Swazi Development and Savings Bank and Bank of Credit and Commerce International

¹¹ Discussions with SEDCO

4.1.3 Financial Management

The average annual turnover of the contractors interviewed was only \$ 173,000. This suggests they are a) unable to complete larger projects, b) cannot borrow funds to finance larger projects, c) cannot raise the collateral for a performance bond, or d) they are not offered or invited to tender for larger projects. With such a small turnover, it is difficult to invest in a proper accounting system. Most of the contractors interviewed claimed to employ book keepers, but in fact they admitted that they still did not have accounts which could monitor the company standing or contract performance.

Unfortunately there is little advanced planning, and rarely any cashflow predictions. The first payment often disappears without consideration for further project expenses.

4.1.4 Performance Bond.

Clients require guarantees that the Contractor will perform on time and produce acceptable work. In addition to retaining ten percent from all payments up to practical completion, they also insist on the provision of a Performance Bond for a further ten percent. This in effect provides a total of twenty percent to cover additional costs should the Contractor fail to properly complete the Contract.

The Royal Swaziland Insurance Company have ceased issuing Bonds due to bad experiences with small Contractors, though they accept this was partly caused by their own inexperience in the business¹². The Commercial Banks have had similar unacceptable experiences, and now require collateral sometimes in excess of 100% of the required Bond amount¹³. This limits the size of project that many small Contractors can tender for, and often excludes them completely from the tender process. Slightly more experienced and reliable Contractors are not required to produce any collateral.

Nine out of the ten contractors interviewed had difficulties raising a bond.

4.1.5 Ministry of Works Financial and Tender System

A new budget has to be approved for each financial year. In recent years there have been occasions where it has taken up to three months for the budget to be approved. For an on-going Contract a Contractor is expected to survive this period, and to continue working without payment. Suspense accounts have been arranged, but MOW&C are reluctant to make advance payments to unreliable Contractors as default of Contract for other reasons always remains a possibility. Unspent budgeted funds are

¹² Discussions with Swaziland Royal Insurance

¹³ Swazibank and BCCI

returned to the Treasury at the end of the financial year complicating budgeting for subsequent years¹¹.

Pricing a tender can be time consuming and expensive. The open tender system adopted by MOW&C theoretically means 20-30 contractors could be tendering for the same project. The chances of success are very small, and contractors become reluctant to submit tenders.

4.1.6 Tender and Contract Procedures

Apart from basic management, it is difficult for contractors to handle the various processes demanded by the Contract Conditions. A critical stage is the pricing of the tender document. This is rarely carried out with the benefit of accurate costing details. GOS normally finds it difficult not to accept the lowest priced tender from a totally open tender system. A low price may get the job but there is no guarantee that the job can be built for that price.

Seven out of the eight contractors interviewed admitted that they had difficulty completing contracts. Lack of contract knowledge prevents them claiming extensions of time and increased costs.

4.1.7 Supply of Materials

Prudent purchase of materials can reduce costs and increase profits. An inexperienced contractor has no option but to be a cash purchaser. Without cash the job, and the cashflow, comes to a standstill.

Established contractors obtain preferential treatment from suppliers of crushed stone and timber. During periods of short supply they can switch to suppliers outside Swaziland. The small Contractor has no choice.

There is only one supplier of crushed aggregate in the Kingdom. With road projects requiring large supplies, the small contractor stands little chance and his contract unavoidably suffers delays. Timber supplies can also be erratic. Imported materials are available but prices fluctuate.

¹¹ Principal Building Officer, MOW

4.2 Opportunities for small contractors are evident and increasing, and there are financial facilities available in the Kingdom which are seldom found in developing countries.

4.2.1 The Market

The public and private sector market has begun to grow after a three year period of inactivity¹⁵. Most small contractors are provided with opportunities to participate in the open tender system adopted by MOW. Tender notices for GOS projects are regularly published in the national press and on the MOW&C noticeboard.

It is expected that registered contractors will be categorized by MOW in the near future. This will ensure small contractors only tender for those projects for which they are eligible and capable. MOW&C is keen to support locally-owned small contractors while maintaining a policy of open competition between all registered contractors. Contractors interviewed relied on GOS for an average 85% of their workload.

Private sector projects are normally tendered by selected contractors. Only those contractors with a good reputation are included. There is reasonable growth in the private housing market, and this presents a good opportunity for small contractors to build up their experience. The market is open to all registered contractors, there are no restrictions on ownership or shareholding. Swazi-based contractors have a logistical advantage provided they can improve their pricing and performance. There is no competition for small contracts from non-Swazi owned contractors.

4.2.2 Labour

Construction quality is generally good in Swaziland. Skilled labour is developed through on-site training and through trade training colleges¹⁶. Small Contractors have no problems employing sufficient skilled artisans. They usually maintain a small core group of craftsmen, which is supplemented for specific projects. Unusually, the small contractors nearly all employ their own electrician and plumber rather than employ subcontractors for this specialist work. The larger Contractors experience occasional shortages of specific trades i.e. bricklayers.

There is an ample supply of un-skilled labour.

¹⁵ Interviews with Contractors

¹⁶ SCOT and VOCTIM

4.2.3 Plant and Materials.

Plant and equipment is available for purchase or hire. Some Contractors qualify for short-term Bank loans for plant purchase¹⁷, but there is a preference to hire for short-term use.

Most basic materials and manufactured components are available from stock in Swaziland, some manufactured items require advanced ordering for importation.

4.2.4 Finance

It has been mentioned that capital shortage is a significant restraint to growth. Discussions with two commercial banks¹⁸ confirmed that small Contractors who are prepared to submit simple cashflow projections and allow Commercial Banks to advise them on expenditure, stand a good chance of being provided financial assistance.

5. RECOMMENDATIONS

The limited resources of small contractors in Swaziland prevent participation in more contracts and further growth to tender for larger projects.

Before considering the possibility of direct assistance to contractors, the consultants propose the following:

(i) The smaller contractors suffer more than other contractors when the material supply becomes erratic. It is recommended that GOS review the building material and component supply situation generally. There is a need to increase the number of suppliers of basic materials e.g. crushed aggregate and timber, which will improve the supply and stabilize prices. A review of the imported material supply could identify areas where local entrepreneurs could enter the building materials manufacturing and supply market.

(ii) The MOW&C should complete the exercise of collecting data from contractors, and for categorizing them for specific contract values. The ground work is already available. Once prepared, a system should be developed to monitor performance and workload. This could easily be managed with the small number of active contractors in Swaziland.

The SEDCO support programme for small contractors was not a total failure. It provided an impetus in terms of organisation and financial support which small contractors are quick to claim is there largest problem. The organisation and

¹⁷ Swazibank and BCCI

¹⁸ Bank of Commerce and Credit International and Swazi Development and Savings Bank

policies of SEDCO were not fully planned before the programme was launched. Consequently it was not considered important to provide guidance at tender stage and SEDCO was required to encourage the successful completion of inadequately prepared contracts. It was also clear that SEDCO's low income could not support the manpower required to provide the required level of advice and guidance to the contractors.

The Consultants considered the possibility of a rejuvenated SEDCO. In many ways the loan and Performance Bond components were seen by the contractors as the main advantages of joining the scheme, they were not so interested in the procedural advice and guidance. However, the loan component was also the largest risk for SEDCO, and without a realistic interest income these risks were unacceptable. Even if a fully resourced SEDCO programme was implemented, the Consultants consider there would be insufficient reason for contractors to go it alone, and insufficient incentive and motivation for SEDCO to remain a driving force.

Small contractors, often one-man businesses cannot take time off for training courses¹⁹. At the same time there are no guarantees that after formal training the new-found skills will not be used for alternative employment in or outside Swaziland.

Construction Management Assistance

The consultants propose a programme of on-the-job construction management assistance for small contractors. During the interviews the following outline proposals were presented to the contractors:

- Visits to the contractor's office or construction site once or twice a week by an experienced Construction Manager.
- Guidance and advice on:
 - Pricing a tender document
 - Understanding the Contract Conditions
 - Obtaining a Performance Bond
 - Approaches to and relationship with the Bank
 - Contract insurances
 - Manpower deployment
 - Cashflow planning
 - Work planning
 - Plant and equipment planning and maintenance
 - Materials procurement and procurement planning
 - Supervision of construction
 - Financial records
 - Claims for extensions of time
 - Claims for increased costs
 - Preparation for and procedures at site meetings

¹⁹ Contractor interviews

Reinvestment of profits
The next project

This on-the-job training is expected to be more effective than other forms of training. Contractors readily accepted the proposal. They considered more advice and experience would be gained²⁰. However not all contractors would respond to any level of assistance because of their size, attitude, aspirations or character. It is expected that after further screening approximately twelve firms would be identified for further assistance.

Discussions with commercial banks showed that they would be more receptive to approaches for financial assistance if the contractors could be guaranteed Construction Management assistance for the duration of a Contract²¹. One recommendation suggested that the contractor and the Construction Manager could be joint signatories to all outgoing payments for a specific Contract.

A value for this advice should be established and a token payment or contribution by the contractors would strengthen the commitment to making the assistance effective. During the interviews, the contractors accepted this proposal.

The kind of advice provided by professional Architects, Engineers and Quantity Surveyors is not appropriate. Contractors need advice which will assist them to become more involved in a profit-orientated approach which an experienced Construction Manager could provide. It is not expected that this advice would be available from within Swaziland. Small contractors do perform well in other Southern Africa countries, but it is not expected that they would be willing to participate in this type of assistance. Furthermore there is a risk of a vested interest in the assistance which would be detrimental rather than supportive to the future of the Swazi small contractors.

Construction Management is a part of an overall service provided by a Project Management firm. In its normal form Construction Management is a profit-orientated service which carefully monitors and organizes all aspects of construction and contractors and the prudent procurement of materials and components. Construction Managers often have prior experience working for, or running their own construction companies. The consultants have discussed these proposals with a Nairobi-based Project Management consultant²², who confirmed that there would be an interest from Project and Construction Management firms for this kind of support and advisory work.

The Consultants propose a departure from the normal Construction Management service. The service will be that of advising an existing Contractor to improve every aspect of the management and financial viability of his company. To firm up the guarantees for this assistance to succeed, the Construction Adviser

²⁰ Contractor interviews

²¹ Swazibank and BCCI

²² Mentor Management

should also share in the improved performance of the contractor. A simple time-based fee may not be sufficient incentive for the Construction Adviser to ensure that his decisions and advice are cost-effective.

The scale of assistance could be variable. The Consultants recommend a starting point could be two Construction Advisers each handling 6-8 contractors. Terms of reference would be prepared for each of these advisers, and achievements should be monitored at say three monthly intervals. Further study will be necessary to establish the precise level of advisory input and a cost-effective way to implement these recommendations.

It is expected that after as little as six months of Construction Management assistance, the contractors' workloads will increase. This will be achieved through increased market confidence in their performance and a more aggressive approach to the market by the contractors. The benefits of this kind of support programme are difficult to assess. A small contractor with a core group of say twelve fulltime employees can easily increase his workforce of short-term and daily employed site workers from 20 to 200 and more if the size of his work in hand justifies it, and his cashflow allows.

ANNEX I

SURVEY OF CONTRACTORS

The Ministry of Works arranged for a selection of Contractors to be invited for short thirty minute interviews based on a standard questionnaire prepared by the Consultants. Ten companies attended the interviews and responded as follows:

CONSTRUCTION COMPANIES

QUESTION	1	2	3	4	5	6	7	8	9	10
MOW Registered	81	78	81	80	81	82	81	86	64	77
Shareholding	S	S	S	S	S	S	S	S	Port	20% S 80% GB
Key Personnel	1	2	2	1	3	3	1	3	2	11
Fulltime Skilled	0	10	9	0	13	31	7	5	53	80
Accountants	0	0	0	0	0	1	0	0	1	2
Book Keepers	1	1	1	0	1	1	1	1	0	0
Plant ADEquate/MINimal	ADEQ	ADEQ	ADEQ	0	ADEQ	ADEQ	HIN	0	ADEQ	ADEQ
Own Yard/OFFice/Wshop	Y/OFF	Y/OFF	OFF	0	Y/OFF	Y/OFF/W	0	0	Y/OFF/W	Y/OFF/W
Bankers	Swazi	Swazi	Union	Stand	Swazi	Sw/BCCI	Swazi	Stand	BCCI	Stand
Difficulty with Normal Insurance Cover	N	Y	Y	Y	N	N	Y	0	N	N
Difficulty with P/Bond	Y	Y	Y	Y	Y	N	Y	Y	N	N
Collateral Required (%)	100	100	100	100	100	0-100	100	100	30	100
Av Turnover (EM million)	.050	.60	.50	.15	.50	.70	.45	.77	3.0	9.0
Gov't Work (% of total)	100	95	50	100	80	90	80	90	50	100
Business INCreasing/ DECreasing	DEC	INC	DEC	DEC	INC	INC	INC	0	INC	INC
Opinion of SEDCO Good/ Bad/Not involved	G	G	G	B	N	N	N	N	N	N
Tender Invitations Nat. Press/INVitation	NP	NP	NP	NP	NP	NP	NP	NP	NP/INV	NP/INV
Use SCOT/VOCTIM staff	Y	Y	Y	Y	N	Y	N	Y	N	N

	1	2	3	4	5	6	7	8	9	10
Who Prices Tenders? QS/ Sen Tech Staff/ESTimator	STS	STS	STS/QS	STS	QS	EST	STS	STS	STS	EST
Difficulty Obtaining Materials (excl stone)	Y	N	N	N	N	N	N	N	N	N
Difficulty Obtaining Crushed Stone	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Financial Records for Each Contract	Y	N	Y	N	Y	Y	N	Y	Y	Y
Problems in Completing Contracts	Y	Y	Y	Y	Y	Y	Y	N	Y	Y
Would Construction Management Assistance Help	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Would You Be Prepared To Contribute To Cost	Y	Y	Y	Y	Y	Y	Y	Y	N/A	N/A

PERSONS MET

MINISTRY OF WORKS

Mr Mulinga Permanent Secretary
 Mr Madlopha Principal Building Officer
 Mr G H Lebsekal Roads Engineer

SEDCO (Small Scale Enterprises Development Co Ltd)

Mr J Fakudze General Manager
 Mr Toepfer Civil Engineer
 Mr N Langwenya Sen. Maintenance Officer
 Mr P Tsabede Economist/Project Manager

SWAZILAND DEVELOPMENT AND SAVINGS BANK

Mr J J Dlamini Dep. General Manager
 Mr DeGuefe Adviser

SCOT (Swaziland College of Technology)

Mr Lukelle Principal

VOCTIM (Vocational Training Institute)

Mr Weissenborn Lecturer

BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI)

Mr H P Gama Ass. Manager

SWAZILAND ROYAL INSURANCE CORPORATION

Mr M W Mkwanazi General Manager
 Mr M A Nkosi Accident Manager

SHYAMALA ARCHITECTS

Mr Shyamala Architect/Partner
 Mr Nowicki Architect/Partner

OWEN THINDWA & ASSOCIATES

Mr O C Thindwa Resident Partner/Quantity Surveyor

SWAZILAND INDUSTRIAL DEVELOPMENT COMPANY LTD

Mr Z Zwalle Engineer
 Mr S Enderby Operations Executive

DEPARTMENT OF ECONOMIC PLANNING AND STATISTICS

Mr J P Holla Economic Planning Adviser
 Miss P Khoetmer Economic Planning Adviser

MINISTRY OF COMMERCE INDUSTRY AND TOURISM

Mrs S M Magagula Senior Assistant Planning Officer

Mr J Mokgokong Civil Engineer

CENTRAL BANK OF SWAZILAND

Mr V Mamba Research Officer

BUILDING CONTRACTORS:

Mr Z K Mnisi Khula Construction

Mr C K Sukati Bingo Construction

Mr M Maziya Speed Construction

Mr D Mamba DRA Construction

Mr E Dlamini Asibambisane Construction

Mr A Ngwenya Linga & Sons Construction

Mr E Dlamini Kusile Building Construction

Mr M Magongo GHM Construction

Mr Pinto/Mr Cruz Santos Pinto Construction

Mr J Perring Construction Associates