

THE REVIEW OF THE GOVERNMENT SCHEME TO ASSIST CITIZEN CONTRACTORS IN BOTSWANA

FINAL REPORT

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- * Roads Department - Ministry of Works, Transport and Communications.
- * Department of Architecture and Building Service - Ministry of Works Transport and Communications.
- * Department of Electrical and Mechanical Services - Ministry of Works Transport and Communications.
- * Central Tender Board - Ministry of Finance and Development Planning.
- * Ministry of Finance and Development Planning
- * Department of Local Government and Development - Ministry of Local Government Lands and Housing.
- * Botswana Housing Corporation.
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- * Botswana Confederation of Commerce, Industry and Manpower (BOCCIM)
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O. EXECUTIVE SUMMARY

0.1 BACKGROUND

In light of the changing socio-economic situation in Botswana, an attempt is being made by government to more effectively support and provide infra-structure services to the Botswana private sector. The government realises that the primary engine of growth (especially as we approach the turn of the next century) is indeed the private sector. And many innovative programmes, policies and development strategies have been initiated by government so as to positively effect economic growth manifested in the nine industrial sectors that make up the Botswana economy. The paradox reflected in this effort expended by government with respect to its initiatives, is that the construction sector which is the largest employer (excluding government) of local male workers has been on a dramatic recessionary decline over the second half of the National Development Plan 7 (NDP 7).

Given the above scenario, the Botswana Technology Centre has been contracted by the Botswana Private Enterprises Development Project on behalf of the Ministry of Commerce and Industry to conduct a review of the Scheme to Assist Citizen Building Contractors and Road Contractors.

The assistance scheme is a package of measures introduced by the government to encourage the increased participation of citizen owned contractors in the construction industry. The scheme emphasises training and better understanding of what facilities exist both in government and outside government. Training of entrepreneur in tendering and estimating, planning and proper financial management was seen as the key to the development of a more competitive citizen owned business. In addition, training of entrepreneurs through joint-venture, special designated projects and technical support were some of the on the job related training components considered. Other measures taken by government included waivers on performance bonds with respect to certain categories of citizen owned contractors and provision of incentives such as the 10 percent advance payment. The government introduced a price preference scheme for citizen owned contractors and reserved certain construction activities to encourage an increased participation of citizen owned contractors in the construction sector.

The primary intent of this Study is to assess the salient characteristics of government's strategically spent Pula on programmes and contracts awarded to citizen vs. foreign based contractors; and to assess, in such a way, as to determine the extent that the development of a healthy citizen owned contractors subsector is being and/or should be encouraged and facilitated through the continued or revised application of the scheme as outlined in this study. The important issues addressed in this study include:

- (1) An assessment of the major features of the Government Scheme to assist citizen owned contractors.
- (2) A review and analysis of citizen owned contractors' share of the construction market.
- (3) The relative impact of Government and Parastatal contracts Awarded to Citizen Owned Contractors vis-a-vis Foreign Owned contractors with respect to the major to categories of (a) Building (b) Electrical (c) Civil/Roads.

0.2 APPROACH AND METHODOLOGY

Literature Search and Desk Study

A literature research was carried out in order to compile information regarding all aspects of the scheme to assist citizen owned contractors. A literature study was then undertaken to get a clear understanding of the nature of the problems faced by citizen contractors and the reasons which led to the introduction of the scheme to assist citizen owned contractors. The literature study formed the basis of the preparatory work for the field survey. Based on the literature study questionnaires were formulated for use in the field survey to get views and information about the scheme.

Registration and Classification of Contractors

At present the responsibility for the registration and classification of contractors lies with the Central Tender Board and the Ministry of Local Government Lands and Housing. The Central Tender Board is the oldest registration body in Botswana while the Ministry of Local Government Lands and Housing only recently in 1992 started to register contractors. The Ministry of Local Government Lands and Housing is at the present moment in a position to register only building construction contractors and is preparing to register other types of contractors in the future. The Central District Council used to classify and maintain a register of building construction contractors until the Ministry of Local Government Lands and Housing building construction contractors registration and classification system was introduced.

Both the Central Tender Board and the Ministry of Local Government Lands and Housing mainly classify contractors according to their field of expertise or construction, their standing in terms of resources and the track record of competence. The registration also gives information about the contractor as to whether the contractor is a citizen owned contractor, a joint-venture contractor or a foreign owned contractor.

The Central Tender Board classifies contractors into the following nine broad fields of construction:-

Civil engineering,	Building,
Mechanical ,	Electrical,
Water engineering,	Drilling services,
Roads - ancillary works,	Fence- building,
Civil aviation/meteorological electronics.	

There are in total 213 firms registered with the Central Tender Board of which 56 percent are citizen owned contractors, 4 percent are joint-venture contractors and 40 percent are foreign owned contractors as per 1991 Central Tender Board contractors registration file. Some firms are registered in more than one field of construction. For example some firms are registered for both building and civil engineering works.

Approximately one hundred and twenty three firms are registered with the Central Tender Board for building work of which 62 percent are citizen owned contractors, 6 percent are joint-venture contractors and 33 percent are foreign owned contractors as per 1991 Central Tender Board contractors registration file. Forty seven firms are registered for electrical services of which 62 percent are citizen owned contractors, 4 percent are joint-venture contractors and 35 percent are foreign owned contractors as per 1991 Central Tender Board contractors registration file. Fifty two firms are registered for civil engineering work of which 31 percent are citizen owned, 6 percent are joint-venture contractors and 63 percent are foreign owned contractors as per 1991 Central Tender Board contractors registration file. Twelve firms are registered with the Central Tender Board for mechanical work out of which 4 are citizen owned and 8 are foreign owned mechanical contractors as per 1991 Central Tender Board contractors registration file.

Fencing-building is reserved for citizen contractors and there are sixteen citizen owned contractors registered with Central Tender Board for fencing work as per 1991 Central Tender Board contractors registration file. There are no citizen owned contractors registered for drilling services, water engineering, road-ancillary works, and civil aviation/meteorological electronics.

There are in total 458 building contractors registered with the Ministry of Local Government Lands and Housing of which 74 percent are citizen owned contractors, 9 percent are joint venture contractors and 17 percent are foreign owned contractors.

There are many citizen contractors and possibly a few foreign contractors which are operating in Botswana and are not registered with the Central Tender Board or the Ministry of Local Government Lands and Housing.

Tender Regulations and Procedures

Tender regulations and procedures are to some extent different between the Central Tender Board, the Ministry of Local Government Lands and Housing and parastatals. Most parastatals have their own tender regulations approved by the Board of Directors for each organisation. The Central Tender Board regulations are used by the central government departments, some parastatals and the Ministry of Local Government Lands and Housing when implementing central government development projects. The Ministry of Local Government Lands and Housing tender regulations are used by the town/city/district councils and land boards.

Questionnaire Design

Five questionnaires were designed to get views and information about the scheme to assist citizen contractors from all the players involved directly or indirectly with the implementation of the assistance scheme.

Questionnaire I Citizen Contractors

Questionnaire I was designed to get information from citizen owned contractors on contracts procurement, annual turnover, employment, and manpower development in order to establish the impact the assistance scheme has had on the citizen construction business sector during the last four years. The questionnaire was also designed to get views from citizen contractors in all aspects of the assistance scheme and the construction industry in general.

Questionnaire II: Integrated Field Services (IFS) Construction Estate

The questionnaire was designed to get information on the number of trainees trained by the IFS Construction Estate during the past seven years and constraints of the IFS Construction Estate training programme.

Questionnaire III Implementing Agencies

Questionnaire III was designed to get information on the citizen contractors, share of contracts awarded by government departments, town/districts councils and parastatals. The questionnaire was to get information on the cost of the 2.5 percent price preference scheme. Information on the 10 percent grant the central government pay to the Botswana Housing Corporation (BHC) for the BHC citizen contractors support programme administration costs was also requested from the BHC. the questionnaire was also designed to get views on all aspects of the assistance scheme and the construction industry in general.

Questionnaire IV: Organisations indirectly involved with the implementation of the scheme

The questionnaire was designed to get views in all aspects of the scheme and the construction industry in general from the Department of Industrial Affairs who are the policy makers in this case, the two contractors associations; the Tshipidi Badiri Builders Association and the Association of Botswana Contractors (ABCON) and the construction sector of the Botswana Confederation of Commerce Industry and Manpower (BOCCIM).

Questionnaire V: The Planning Unit of the Ministry of Local Government Lands and Housing and the Division of Economic Affairs of the Ministry of Finance and Development Planning. The questionnaire was designed mainly to get information on the cost of the 10 percent grant paid by the central government to the Botswana Housing Corporation (BHC) to cover the additional administration costs of the BHC citizen contractors support programme.

Survey

The field data was collected using the 5 questionnaires generated. This entailed face to face interview of 101 citizen contractors regarding Questionnaire I. In addition the other 4 questionnaires were sent for completion by some organisation i.e., Questionnaire II to Ministry/Department, Questionnaire III to 20 implementing agencies, Questionnaire IV to 5 organisations and Questionnaire V to 2 Ministries/Departments.

There was no response from two organisations; the Gaborone City Council and the Association of Botswana Contractors (ABCON). To supplement the views and information given through completed questionnaires personal interviews were held with staff of the Botswana Housing Corporation (Technical Services Department), the Department of Architecture and Building Service, the Central Tender Board, the Ministry of Local Government Lands and Housing, the Central District Council, the Selebi Phikwe Town Council and the Francistown Town Council.

0.3 SURVEY RESULTS AND FINDINGS

An analysis of all the views and information obtained through completed questionnaires and personal interviews was undertaken and relevant findings and conclusions reported under each element of the assistance scheme. Additional constraints to the growth of the citizen owned contractors identified during the study are reported in Section 3.6 of this report.

Construction market share

Information on contracts awarded to citizen owned contractors, joint venture contractors and foreign owned was requested from nineteen implementing agencies. However fifteen implementing agencies responded.

Table O.3.1 is based on information on building contracts awarded by twelve implementing agencies.

Table 0.3.1 Building Construction Contracts Awarded (1991 - 1994).

Year	Citizen Owned Contractors Value	Percentage	Foreign Owned Contractors Value	Percentage
1991	P44.5million	(34%)	P86.9 million	(66%)
1992	P81 m	(24%)	P259.4 m	(76%)
1993	P118.6 m	(34%)	P234.3 m	(66%)
1994	P89.9 m	(27%)	P248 m	(73%)

The inference which can be drawn from Table 0.3.1 therefore, is that the amount of building construction contracts awarded to citizen owned contractors increased with increase in work in the building construction industry but the percentage of building construction contracts awarded to citizen owned contractors shows a decline. When there was a decline in the building construction industry, the citizen owned and joint venture contractors were affected by the decline more than the foreign owned contractors.

An analysis of electrical contracts awarded to citizen owned contractors by the Department of Electrical and Mechanical Services and the Botswana Power Corporation given in Table 0.3.2 show that except in 1993 there has been no significant increase in contracts awarded to citizen owned contractors.

Table 0.3.2 Electrical Contracts awarded by the Department of Electrical and Mechanical Services and the Botswana Power Corporation.

Year	Citizen Owned Contractors Value	Percentage	Foreign Owned Contractors Value	Percentage
1991	P2.4 m	(7%)	P29.9 m	(93%)
1992	P2.6 m	(8%)	P30.94 m	(92%)
1993	P6.8 m	(15%)	P38.6 m	(85%)
1994	P3.4 m	(15%)	P19.2 m	(85%)

Table 0.3.3 shows the amount of civil engineering contracts awarded to citizen owned contractors and non citizen owned contractors by the eight organisations. In 1991 the big civil engineering projects like the upgrading of Mandela Drive and the construction of the Western Bypass in Gaborone were awarded to the foreign owned civil engineering contractors who obviously had to have a significantly bigger share of civil construction contracts awarded in 1991.

Table 0.3.3 Civil Engineering Contracts awarded (1991 - 1994).

Year	Citizen Owned Contractors		Foreign Owned Contractors	
	Value	Percentage	Value	Percentage
1991	P30.34 million	(6%)	P481.27 million	(94%)
1992	P63.02 m	(55%)	P52.47 m	(45%)
1993	P68.02 m	(38%)	P109.60 m	(62%)
1994	P46.67 m	(27%)	P124.33 m	(73%)

The inference which can be drawn from Table 0.3.3 is that with the decline in civil engineering contracts from 1991 to 1994 the citizen owned civil engineering contractors did get a significant amount of the few contracts which were awarded from 1991 to 1994.

Table 0.3.4 present a more detailed data from the BHC which supports the statement that whilst commendable progress has been made in the construction market for citizen owned contractors, the citizen owned contractors share in percentage terms of the construction market remained significantly constant over time although the overall construction demand in the country experienced a downward trend.

Table 0.3.4 Botswana Housing Corporation Building Contracts awarded (1991 - 1994).

Year	Citizen Owned Contractors Value	Foreign Owned Contractors Percentage
1992	P22 million	P94.4 million
1993	P21.8 m	P84.3 m
1994	P22.5 m	P41.6 m

This assessment is strongly confirmed by the cross-district survey as shown in Table 0.3.5. Citizen owned contractors share of the construction market percentage wise appear to be very encouraging but it indicate that a large proportion of the citizen contractors operate in the district council areas of the country where projects are dispersed over wide areas and in very difficult terrain. The number of foreign owned construction companies operating in the districts appear to be small but their construction output in terms of contract value far outweighs the value of project undertaken by the citizen contractors in the districts (see Table 0.3.1).

Table 0.3.5 Building Contracts Awarded by Gantsi, Kasane, Central and Southern District Councils.

Year	Citizen Owned Contractors		Foreign Owned Contractors	
	Value	Percentage	Value	Percentage
1991	P6.45 million	(84%)	P1.26 million	(16%)
1992	P9.23 m	(67%)	P4.59 m	(33%)
1993	P8.1 m	(52%)	P7.56 m	(48%)
1994	P18.43 m	(80%)	P4.56 m	(20%)

Table 0.3.6 paints a grave picture for the citizen owned contractor in town councils. The foreign owned construction companies share of the construction market in terms of value of contracts far outstrip the citizen contractor's share of the market in the two town councils ie Selibe Pikwe Town Council and Francistown Town Council. This is not logical because most projects in the town councils and district areas, in terms of technological requirement are minor building works like schools, clinics, houses.

Table 0.3.6 Building Contracts awarded by the Francistown Town Council and Selibe Phikwe Town Council.

Year	Citizen Owned contractor		Foreign Owned Contractor		Joint Venture Contractors	
	Value	Percentage	Value	Percentage	Value	Percentage
1991	P1.18 million	(43%)	P1.56 million	(57%)	0.00	
1992	P2.13 m	(64%)	P1.18 m	(36%)	0.00	
1993	P2.22 m	(42%)	P2.29 m	(45%)	P0.64 million	(13%)
1994	P2.27 m	(41%)	P3.32 m	(59%)	0.00	

The Scheme to Assist Citizen Contractors

Performance Bond

Sixty four percent of the 101 citizen owned contractors interviewed did say that the totally and partially waived performance bond benefits citizen owned contractors because citizen owned contractors have no access to capital which makes it difficult for citizen owned contractors to obtain credit facilities, performance bonds and security guarantees. Thirty one percent of the contractors interviewed declined to comment on the totally and partially waived performance bond for reasons such as; the contractor had never undertaken a government/parastatal/council contract or simple because of lack of awareness of the assistance scheme. There are some contractors who said that they were not aware of the assistance scheme.

Five percent of the 101 citizen owned contractors interviewed did say that the totally and partially waived performance bond did not benefit them.

Government departments, councils, parastatals and non-government organisations were generally of the view that the totally and partially waived performance bond benefit citizen contractors and did not favour any further relaxation of the performance bond for grade B to E building contractors.

Approximately 65 percent of the contractors interviewed were of the opinion that the proportional release of the performance bond for works completed at various stages would be of assistance to citizen owned contractors. Not all government departments/parastatals/councils proportionally release the performance bond at various stages of the contract.

Advance Payment

According to most implementing agencies and some citizen owned contractors interviewed there are some cases of citizen owned contractors who have misused the 10 percent advance payment .

Of the 101 citizen contractor interviewed 83 percent did say that they were having problems due to lack of credit facilities and capital money to meet front project related costs. Seventy-six of the contractors interviewed were finding it extremely difficult to obtain credit facilities from commercial banks and material suppliers mainly due to the reason that most do not have confidence in citizen owned small businesses in general. It was also the opinion of most government departments, parastatals, councils and non-government organisations that most citizen contractors lacked access to capital due to the reason that creditors do not have confidence in small citizen owned businesses in general. Forty percent of the contractors interviewed had at some stage used the 10 percent advance payment at least once.

Contractors agree that the surety required to secure the advance is prohibitive. Clients representatives also agree that a completely open ended system in granting the advance to contractors is risky as this is open to misuse by some unscrupulous contractors.

A suggestion was made by 65 percent of the contractors interviewed that to avoid the abuse of the 10 percent advance payment the payment should be made directly to the material suppliers by the clients.

Technical Support and Training Assistance

This element of the assistance scheme was never implemented. However, it came out during the study that this element of the assistance scheme is not favoured by many.

Training

i. Direct Training

Thirty nine percent of the contractors interviewed had attended the Integrated Field Services Construction Estate training programme. All the 39 contractors were of the opinion that the training workshops were very short and the training programme gave more emphasis to tendering and estimating leaving very little time for site management.

The Integrated Field Services Construction Estate training programme train building contractors, electrical contractors and other people in the building trade such as people from block yards.

From 1989 to 1994, on the average 260 trainees are trained a year and the coverage of the programme is constrained by inadequate staff and funds. During the financial year 1989/1990, five workshops had to be cancelled.

Twenty five percent of the 39 contractors who attended the IFS Construction Estate training programme have been able to upgrade their grades in the construction industry. Nineteen percent of the 101 citizen contractors had used the Integrated Field Service Construction Estate advisory and consultancy service. Approximately twenty six percent of the contractor who had used the Integrated Field Service Construction Estate advisory and consultancy service had been able to upgrade their grades with the construction industry.

It is also stated that private institutions like the Institute of Development Management (IDM) were from time to time offer upgrading courses for a small fee to improve levels of performance of the citizen owned contractors. Of the 101 citizen owned contractors none had used the training by IDM.

ii. Joint Venture for Transfer of Technology

The training of small citizen contractors through joint venture projects between high grades and low grades citizen contractors was tried and found to be unsuccessful. Three joint venture projects were undertaken in 1991 through the Police Housing Projects one in Francistown and two in Gaborone. It came out during the study that small citizen contractors do not favour working with high grades (both citizen and foreign) contractors because of fear of sabotage.

It is however, felt that joint-venture projects should be tried between citizen contractors of the same grade more specially contractors in grades C to E. Joint venture between foreign firms and citizen firms of the same grade can mark a transfer of technology to citizen owned firms.

iii. Special Training Designated Projects

This element of the assistance scheme was never implemented mainly due to shortage of professional staff. Both the Department of Architecture and Building Service and the Integrated Field Services are complaining of shortage of staff.

The 2.5 Percent Price Preference

All the government departments, parastatals and councils were not able to provide the information requested for in order to make an analysis on the 2.5 percent preference. Citizen owned contractors have since the introduction of the 2.5 percent price preference scheme been complaining that the 2.5 percent price preference was too low and should be increased to at least 10 percent.

The Botswana Housing Corporation Citizen Contractors Support Programme

Of the 101 citizen owned contractors interviewed 74 percent preferred the present Botswana Housing Corporation scheme instead of the subcontracting of work by big contractors to nominated small contractors. The formation of a consortia among small citizen owned contractors as a substitute to the Botswana Housing Corporation programme was favoured by 45 percent of the contractors against 48 percent not in favour and 9 percent not able to comment. From the point of view of contractors the present Botswana Housing Corporation is practical in that it made it possible for many small contractors to build up a track record to be able to upgrade their grades with the Central Tender Board and the Ministry of Local Government Lands and Housing. This is supported by the fact that forty percent of the building construction contractors who favoured the Botswana Housing Corporation programme upgraded their grades with the Central Tender Board since the programme was introduced.

Work to the tune of P120 million is said to have been awarded to citizen owned contractors since the introduction of the assistance scheme.

However, citizen owned contractors are not happy that the contracts are fixed contracts which they find to be unfair. It is however noted that the problems encountered by the citizen contractors in the BHC programme related mainly to project management and the level of site supervision and organisation.

Table 0.3.7 The number of building construction contractors registered with the Central Tender Board in each grade

CTB GRADE	Citizen Owned Contractors	Joint Venture Contractors	Foreign Owned Contractors
OC	9	-	-
A	32	-	-
B	17	-	-
C	11	2	5
D	4	2	5
E	4	-	21
TOTAL	77	4	31

It is clear from Table 0.3.7 that the reservation of the Central Tender Board building construction grades to B for citizen owned contractors was successfully implemented. The new registration and the upgrading by joint venture building construction contractors to grades C, D and E was also successfully implemented. The reservation of the building construction grades C and D of the Central Tender Board for citizen owned contractors and joint venture contractors has not yet been completely carried out as there are still foreign owned contractors in grades C and D. There are 5 foreign owned contractors in each of grades C and D still having not upgraded to grade E eight years pass the two years grace period which was given to the foreign owned contractors at the introduction of the policy.

The Central Tender Board was also required by the Reservation Policy to reserve registration in all grades of fencing -building for citizen owned contractors, and this was successfully implemented because all contractors currently registered with the Central Tender Board for fencing-building are citizen owned.

The Ministry of Local Government and Housing registration

The Ministry of Local Government Lands and Housing recently started maintaining a register of building construction contractors in Botswana. The Ministry registers foreign owned contractors in their grades equivalent to the Central Tender Board grades reserved for citizen owned contractors. When the Reservation Policy was introduced the limitations of small citizen owned contractors in undertaking some projects was considered provision was made for the reservation to be waived in such cases to include higher grades citizen owned contractors.

Citizen Contractors share of Building Construction contracts (1991 to 1994)

Only the Department of Architecture and Building Service was able to provide the information requested for in order to make an analysis of what effect the reservation policy has made on the citizen owned contractors share of the building construction contracts. Table 0.3.8 shows that all building construction contracts in grades OC to B that were awarded to citizen owned contractors from 1991 to 1994 by the Department of Architecture and Building Service.

**Table 0.3.8 The Department of Architecture and Building Services
Percentage share of Citizen Owned Contractors Building
contracts (1991 - 1994).**

CTB	Citizen Owned Contractor	Joint Venture and Foreign owned contractor
OC	100%	0%
A	100%	0%
B	100%	0%
C	69%	32%
D	85%	15%
E	7%	93%

Table 0.3.8 it is evident that the reservation policy has been followed in DABS building construction contracts. The level of citizen contractors participation in the building programme has been encouraging. It is however difficult to account for the citizen share of the construction market. However it becomes evident that the share of the construction market for the citizen contractors assumed an insignificant proportion in terms of value of contracts executed in comparison to contracts awarded to foreign owned contracting companies. Table 0.3.9 gives the same impression as in Table 0.3.8.

Information supplied by the Roads Department on road maintenance contracts awarded from 1991 to 1994 confirmed that the citizen owned contractors were awarded over 90 percent of the road construction activities reserved for them.

It is the view of most government departments, councils, parastatals and non government organisations that there should be more government/parastatal contracts reserved for citizen owned contractors. Eighty percent of the citizen owned contractors interviewed were of the view that more government/parastatal contracts should be reserved for citizen owned contractors as over eighty percent of the building construction contracts are in grade E.

Table 0.3.9 below show the distribution by grade of electrical contracts in the Department of Electrical and Mechanical Services. Electrical contracts in grades OC to B are carried out mainly by citizen owned contractors and it could be possible that grades OC to B electrical contracts can be reserved for citizen owned contractors.

Table 0.3.9 Department of Electrical and Mechanical Services percentage share of electrical contracts awarded (1991 - 1994).

CTB	Citizen Owned Contractor	Joint Venture and Foreign Owned Contractor
OC	100%	0%
A	87%	13%
B	72%	28%
C	0%	100%
D	0%	100%
E	24%	76%

Registration and Classification of Contractors

Of the 101 citizen owned contractors interviewed 67 percent are registered with the Central Tender Board and 59 percent are registered with the Ministry of Local Government Lands and Housing. As mentioned earlier in section 1.3 of this report the Ministry of Local Government Lands and Housing currently register contractors in building construction only.

Seventy percent of the contractors interviewed preferred one registration body in Botswana.

Most of the government departments councils and non government organisations are of the belief that there should be one registration body in Botswana but the reasons for the recent introduction of the Ministry of Local Government Lands and Housing are appreciated by those interviewed.

Tender Regulations and Procedures

There are differences in tender regulations and procedures between the Central Tender Board, the Ministry of Local Government Lands and Housing and the parastatals. The Central Tender Board regulations and procedures are mainly used by the central government departments. The Ministry of Local Government Lands and Housing tender regulations and procedures are used by the city/town/district councils and land boards. Most parastatals have their own tender regulations and procedures which are approved by the board of director for each organisation.

All contractors and most government departments, councils and parastatals were of the view that there was need for the harmonisation and uniformity of tender regulations and procedures in Botswana.

Other Constraints Affecting the Growth of Citizen Contractors

Fronting by citizen for foreign firms

It was reported that this is in form of bogus local owners and joint ventures partnerships, subcontracting of main work and officials colluding and corrupt practices.

Lack of adherence to contract conditions by some citizen owned contractors.

Factors that contribute to this scenario have been identified as lack of commitment, basic ignorance about contractual obligations and inadequate site supervision.

Other problems

Others problems raised as having a negative impact on the growth of citizen contractors include the following;

- * Lack of transparency in tender evaluation and award to allow citizen contractors to learn from previous tender.
- * Donor agency requirements and restrictions are unfair to citizen contractors.
- * Late payment due to some Government bureaucratic tape affecting cash-flow and work completion.
- * Lack of umbrella strong citizen owned contractors association to speak for citizen owned contractors.
- * Lack of code of conduct for contractors operating in Botswana.

Benefit and Cost Analysis

The Correlation and Expenditure Effect of contracts Awarded by government for Period I (92/93); Period II (93/94):

for a 10% increase in Government Expenditures/contracts awarded to:

	<u>Citizen Contractors</u>		<u>Foreign Contractors</u>	
	PI	PII	PI	PII
The resultant % increase/decrease in:				
Gross Domestic Product (GDP)	+6.7%	+ 1.0%	-3,52%	- 3.9%
Construction Sector GDP	-5.2%	- 1.8%	*****	*****
Citizen Contractors' Average Turnover Level	+1.7%	+ 3.0%	-9.2%	- 11.9%
Citizen Contractors Employment Level	+10.4%	+2.4%	*****	*****

The salient features highlighted in the Sensitivity Analysis and Government Expenditure Effect include:

GDP Impact:

Increased Government Expenditures in the category of contracts awarded to Citizen Owned Contractors (GCE) statistically exhibit a positive correlation with respect to movement in Gross Domestic Product (GDP); that is, they move in the same direction. More specifically, for the two Periods' I (92/93) and II (93/94), given a positive Sensitivity Analysis coefficient estimated for the respective variables GCE and GDP, an average increase of 10% in GCE will result in average increase in GDP of nearly 4%. Conversely, the reverse condition appears to hold for the variables Government Expenditures/Contracts awarded to Foreign Contractors (GFE) and GDP, respectively.

Sectoral Impact:

There appears to be an inverse relationship between GCE and the Construction Sector GDP (CS) for the given respective Periods I and II.

Employment Impact:

There appears to be a direct relationship between GCE and Employment by citizen owned Contractors (CCE).

NOTE: In light of the limited measured period (92/94) estimated parameters must not be taken as exact empirical findings. Propensities as to direction of movement between the respective variables can be viewed as fair assumptions. But here again, given the short measured time period, the results can conceivably be taken as cyclical in nature.

Citizen Owned Contractors and Employment

The apparent contradiction with respect to the GDP impact and Sectoral Impact can possibly be rationalised. Increased Government expenditures on the Domestic construction subsector or the Citizen Owned contractors have a spending and respending cycle effect in the economy, impacting favourably on other sectors in the economy. This, in turn, causes GDP to rise. Conversely, within the Construction Sector itself, the Sectorial Impact for the same expenditure effect is less favourable. Since Foreign Owned Contractors might reflect more cost effective operational amenities vis-a-vis Citizen Owned Contractors (COC) expansion of government contracts to COC might not readily translate into Construction Sector GDP Sustained Growth. Increased operational efficiencies through business training and technical assistance, including the implementation of a more effective Joint Venture/Technology Transfer Programme could conceivably rectify this situation.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The construction industry is still dominated by foreign owned firms and the citizen owned contractors construction market share indicate that the citizen contractors account for only 10 to 30 percent of the construction market.

Despite the various incentives and concessions and the creation of favourable environment to facilitate the growth of indigenous construction industry, the emergence of large scale citizen owned firms has been slow almost allusive and indigenous ownership has mostly been limited to the small scale sector of the construction industry.

In retrospect the reservation of certain contracts for 100 percent citizen owned contractors has portrayed an erroneous image of construction as a field in which profit can be made easier rather than business aimed at improving performance and fostering growth of the indigenous construction industry. The reservation has fostered the creation of a multitude of small scale citizen owned contractors some which their commitment to the construction industry might be questioned.

Those small scale citizen owned contractors are notably registered in lower categories which give them the market opportunities for expansion and the ability to grow with the reservation that they hardly make any attempt to expand vertically.

Performance Bond

The present levels of the performance bond relaxation is adequate to reduce cash flow problems of citizen owned contractors.

Advance Payment

The misuse of the 10 percent advance payment has made the implementation of this element of the scheme very difficult.

Technical Support and Training Assistance

The technical support and training assistance was never implemented. However, this assistance scheme is not favoured by many.

Training

- (i) The coverage of the Integrated Field Service Construction Estate training programme is constrained by inadequate staff and funds.
- (ii) The training of small citizen owned contractors through joint venture projects between high grades and low grades contractors was tried and found to be no so unsuccessful.
- (iii) The special training designated projects were not implemented.
- (iv) No citizen owned contractors attended the Institute of Development Management upgrading courses which were supposed to be part of the training component of the assistance scheme.

The 2.5 Percent Price Preference Scheme

All the government departments, parastatals and councils were not able to provide the information requested for in order to make an analysis on the 2.5 percent preference. Citizen owned contractors have since the introduction of the 2.5 percent price preference scheme been complaining that the 2.5 percent price preference was too low and should be increased to at least 10 percent.

At the present time, inadequate data and information renders support to the idea by some members of the Reference Group that a need exists to undertake an indepth separate study on the 2.5 Price Preference. However in the absence of data on the 2.5 percent price preference the following observations have been made;

The price preference gives a tender bias to citizen owned contractors over the foreign counterpart during tender evaluation. It presupposes that the citizen contractors tender price may be 2.5% above the tender price of the foreign contractor. In essence therefore, the percentage bias is a kind of premium above the lowest tender which premium is paid by government, since the tender price submitted by citizen is the contract price on which the contract is awarded. This means the cost of projects goes up any time a citizen owned contractor wins a contract on the basis of price preference. This defeats the essence of the open tender system where competition and economic choice are some of the criteria for contracting. This is probably not in the interest of the construction industry.

Botswana Housing Corporation Citizen Contractors Programme

The BHC citizen contractors support scheme made it possible for many small citizen owned contractors to participate in the BHC building construction projects and for the citizen owned contractors to upgrade their grades in the construction industry. However, despite government encouragement to the BHC through the 10 percent grant for the BHC to make special conditions to include citizen owned contractors and the fact that most BHC projects are simple single storey buildings the value of contracts awarded by the BHC to citizen owned contractors has remained constant from 1991 to 1994.

Reservation Policy

Even though some elements of the reservation policy for which information was available were not fully implemented, it is true to conclude that the citizen owned contractors benefited from the policy because the citizen owned contractors had a bigger share of most of the construction contracts reserved for them.

Registration and Classification of Contractors

Because the Ministry of Local Government Lands and Housing introduced grades and ceiling values different from those of the Central Tender Board, many contractors find themselves graded significantly different between the two bodies.

Tender Regulations and Procedures

The differences in tender regulations and procedure between the various organisation does not cause any problem in the construction industry.

Recommendations

Performance Bond

The department, councils and parastatals should be required to release the performance bond at various stages of the contract in order to assist the citizen owned contractors, meet project related costs in construction.

The performance bond relaxation should be revised to include mechanical contractors. Performance bond relaxation from 10 to 5 percent should be considered for civil engineering citizen owned contractors in grades C to E.

Advance Payment

- (i) All contractors should pay surety for the mobilisation advance in order to stop its misuse.
- (ii) In order to assist the citizen owned contractors who can not afford the surety for the mobilisation advance the following options should be considered.
 - (a) The contractor to arrangement for materials to be on site and for the client to pay the 10 percent if the materials for permanent works are on site and the value of the materials on site is not less than the value of the 10 percent advance payment.
 - (b) The 10 percent advance should be made payable to a commercial bank nominated by the contractor in his tender (the government mobilisation advance would be protected as far as possible by being paid directly to the bank). In turn the bankers might then be more prepared to extend loan facilities to the contractor.
- (1) Government would effectively be providing part of the contractor's working capital requirement and
- (2) all interim payment would also be made directly to the bank.

What does this mean in the context of Botswana.

- (1) The mobilisation advance is paid directly to a bank nominated by the contractor in his tender.
 - (2) The contractor shows evidence of successfully negotiated credit facility in fact or in principle from a commercial bank (may be Tswelelo)
 - (3) The bank retaining 10% of each interim certificate to back up the guarantee provided and
 - (4) Government pays all interim payment (subject to the contract agreement) to the contractors bank.
- (iii) The road contractor who had used the 10 percent plant/equipment advance said that the assistance helped their company acquire more plant/equipment and the one road contractor was in grade A in 1985 and is now in grade C (Appendix D). More road contractors should be encouraged to use the plant/equipment advance payment.

Technical Support and Training Assistance

The technical support and training assistance should be discontinued.

Training

- (i) The Integrated Field Services Construction Estate training programme staff shortage should be addressed to alleviate the problem. The possibility of the Roads Department hosting training workshops for road contractors through the Roads Training Centre coordinated by the IFS Construction Estate should be explored.
- (ii) Joint venture projects should be encouraged amongst citizen owned contractors of the same grade and between citizen owned firms and foreign owned firms.

- (iii) Most building contractors are single storey buildings and are not too complex for the citizen owned contractors to carry out and training through special designated projects is not a priority.

Revaluation of Contract Ceilings

As over 80 percent of building projects are in Grade E and are mostly carried out by foreign owned contractors, it is recommended that the Central Tender Board ceiling values should be reviewed and increased accordingly to cut down on Grade E contracts to allow more participation of citizen owned contractors.

Botswana Housing Corporation Citizen Contractors Programme

Since the percentage of work awarded to small contractors is small (approximately 15 percent), the 10 percent grant can be discontinued and BHC would continue to support citizen owned contractors in the same way that government departments and councils do. In this case only grades OC to C would be considered for the fragmentation of the BHC projects for small citizen owned contractors. Grades D and E would tender the normal way in order to get work from the BHC.

Reservation Policy

It is recommended that the reservation policy should be strengthened by introducing a partial application of this policy into some grades where possible to assist citizen owned contractors. The partial reservation could be implemented through selective tendering where there is enough competition among citizen owned firms and through subcontracting where there is not enough competition among citizen owned firms.

Business Development Programme

There needs to have a clearly structured business development programme and instruments that systematically moves citizen owned contractors up the business development scale. Also, the current training and development programmes should be further geared towards improving the participation of citizen contractors in more sophisticated type of contraction activities. The Joint Venture and technology transfer programme would seem to be one vehicle for achieving these objectives but it has not, to date impacted in any significant way.

Fronting by citizens for foreign firms

There are many ways in which citizens are said to be fronting for foreign owned firms. The reasons why citizens front for foreigners centre around the fact that citizens have no access to capital and therefore, do so with the believee to get a solution to their cash flow problems. On the other hand foreigners use citizens in order to benefit from the performance bond relaxation and reservation policy meant for citizen owned firms only.

The causes of fronting by citizens need to be addressed as fronting has a negative impact on the development of an indigenous construction industry. To reduce fronting contractors should when submitting tenders include proof of the nationality of the shareholders of the company every time. The company would also be required to renew registration with the Registrar of Companies, the Central Tender Board and the Ministry of Local Government Lands and Housing every five years.

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1.0 BACKGROUND AND HISTORY

1.1 Introduction

The year of 1993 has been referred to by the Bank of Botswana (BoB) as an important turning point in Botswana's economic development. The major reason is that for the first time in Botswana's twenty-five year history since independence, the Bank of Botswana estimated that the rate of growth of real per capita income has actually turned negative. This occurrence is even more dramatic when compared to the rapid rate of growth of Botswana's real per capita income over the first two decades of its post independence economy.

An important response and challenge to this new economic condition has been governments completed and published Mid-Term-Review (MTR) of National Development Plan 7. This document seeks to update the National Development Plan in the light of the forecasts, and identifying problems that have emerged in implementing the policies and programmes that were adopted for the plan period. The MTR document empirical findings includes the forecast of a modest growth of real GDP per capita to about 1997 followed by, essentially, no growth to the year 2000 and beyond. This forecast is based upon the likely events of:

Event 1 There is no major expansion of the mineral sector

Event 2: A substantial reduction in government development expenditures; and

Event 3: No significant and viable alternative engines of growth have appeared (as yet) on the economic scene.

The probability and likelihood of Event 1 occurring is reasonably high and very little policy initiatives can be implemented to rectify this situation since it is predetermined by externally driven market forces. But in terms of Events 2 and 3, constructive corrective policy formulation can conceivably yield positive dividends to the economy's forecasted position as we approach the turn of the next century. For example, given government's substantive share of GDP; that is, government represents the second largest component of GDP after the Mining Sector; and therefore, a major point is put forward in this study that government spending with respect to the Scheme to Assist Citizen Contractors in Botswana, can be an effective policy expenditure tool with respect to enhancing the possibilities of establishing a healthy and growing citizen contractors sub-sector as one of the needed new engines of growth. For example, in this study an attempt is done to empirically examine the impact of autonomous (Government) expenditure injections, manifested in the form of the various assistance schemes available to citizen contractors. That is, we are seeking to assess the potential contributions to the material viability of the Construction Industry specifically attributable to the scheme to assist citizen contractors.

More specifically, the primary intent of this study is to assess the salient characteristics of Government's strategically spent pulas on programmes and contracts awarded to citizen vs. foreign based contractors; and to assess, in such a way, as to determine the extent that the development of a healthy citizen owned contractors subsector is being and/or should be encouraged and facilitated through the continued or revised application of the scheme as outlined in this Study. The important issues addressed in this study include:

1. A review and analysis of Citizen Owned Contractors' share of the Construction Market.
2. The relative impact of Government and Parastatal Contracts Awarded to citizen Owned Contractors vis-a-vi Foreign Owned Contractors with respect to the major categories of:
 - (a) Building Services
 - (b) Electrical Services
 - (c) Civil/Roads Services
 - (d) Mechanical Services
3. An assessment of the major features of the Government Scheme to assist citizen owned contractors.

1.2 The Overall Economic Policy Situation

One of the most critical policy issues identified in the MTR document is that Government "..... cannot afford to spend the accumulated cash balances on development and recurrent expenditures first, and then worry about the engines of growth later Government could run down its cash balances by the late 1990s without ever having developed alternative engines of growth".² The importance of addressing both the quantity and quality of Government's directive spending is amplified in the following situation:

1. The Public Policy Variable, RPG, defined and estimated in a recent BTC study as :.... the index measure of the ratio of total private sector GDP (less Mining) divided by Government GDP; that is, RGP as the Proxy Variable for the impact of Public Policy Expenditures"³ has been estimated as a decreasing function with respect to time.
2. During the decade of the 1990s, the Government budget will move from a cash surplus to a cash deficit position. This economic condition, coupled with a projected declining RPG, would suggest the existence of the dual evil of both quantity (Government eventual sources of funds shortfall) as well as quality (ratio of Private to Government GDP share) issue. Also, this macroeconomic position will be further complicated by the world wide economic recession that will influence a general slowdown in business activities.

The Mid-Term Review provides the following projections with respect to the government's budget surplus (+) or Deficit (-) positions:

Current Projections:

YEAR	Total Government Revenues (P Millions)	Total Government Expenditures (P Millions)	Budget Surplus or Deficit (P Millions)
1991	3 741	2 942	799
1992	4 069	3 372	697
1993	4 652	3 771	881
1994	4 914	4 482	432
1995	5 041	5 041	0
1996	5 713	5 730	-17
1997	6 366	6 516	-150
1998	6 880	7 406	-526
1999	7 892	8 332	-440
2000	8 759	9 346	-587
2001	9 734	10 453	-719

Source:

NDP 7, Financial Statements, Budget Administration Unit, Cash Flow Unit, and Macro-Economic Planning Section estimates

Given the above estimated scenario with respect to the Government's declining budgetary financial liquidity status, government must more effectively earmark its efforts towards contributing to the task of identifying and generating new engines of growth while it still has the resources to do so. And in light of the case that expenditures in the Building and Construction field made by Government and the various parastatal agencies account for more than 87 percent of the market, an important question implicitly posed and addressed in this study is "To what extent is government having an impact on the economy and the private sector's viability by continuing to provide the existing focused and targeted expenditure efforts earmarked to assist the viability of the Citizen Contractors Subsector?"

The Overall Economic and Construction Sector Situation

The National Development Plan 6 (NDP 6) was published and released year-end 1985. Growth prospects enumerated in NDP 6 for the 1990s suggested that "Minerals have been the most dynamic sector in Botswana's development the Mineral Sector thus remains crucial to Botswana's economic prospects during the 1990s ... examination of prospects in other sectors reveals that none has the clear potential to act as the revenue producing locomotive of the economy in the way the Mineral Sector can"⁴ NDP 6 further suggested, "... Other Sectors are mostly 'followers' - the Construction and Financial Services Sectors, for example, provide inputs to the rest of the economy but would not be expected to become primary generators of economic growth"⁵ But, with the inception and formulation of the National Development Plan 7 (NDP 7) and the private sector initiative based objectives of Industrial Development, Economic Diversification, and the Development of Export Market Opportunities in Non-traditional Areas, the established view of the monolithic one sector economy as a healthy condition was replaced with a comprehensive development plan dedicated to identifying viable and sustainable alternatives to the one dimensional Mining Sector led economy. And indeed, historical characteristics tangibly expressed in the economics and endogenous factors/makeup of the Construction Sector do strongly suggest some promising outcomes. The very factor that the Construction Sector is Botswana's largest private sector employer of Botswana males increases its candidacy for serious consideration as a new employment growth generation.

In the early 1980s, a general recession spurred on by a drought contributed to a decline in construction activity. But recovery in construction started in 1986/87 and culminated in a significant upswing in industry opportunities. And for the most part of NDP 6, the Construction Sector experienced a significant boom in which value added of the sector rose from P61 to P109 million between the period 1985/86 and 1989/90; which represented an increase of about 15.6% per annum. Several factors contributed to this sustained growth period for the Construction Sector, such as,

- (a) increased Government demand for infrastructure,
- (b) the availability of Government loans and mortgage guarantees at competitive interest rates levels, and
- (c) the demand driven growth fuelled by the shortfalls in residential housing, commercial and industrial serviced land, and buildings.

Obviously, along with the benefits of such a boom period came significant constraints faced by this Industry, such as,

- (a) shortages and bottlenecks in both skilled and semi-skilled manpower,
- (b) lack of short term finance for local contractors,
- (c) significant delays in the residence and work permit system, and
- (d) insufficient joint ventures to promote the transfer of appropriate technology to the local building industry.

During the early years of the 1990s, the Construction Sector experienced what has been later referred to as an artificial recession, manifested in a significant contraction in the volume of work as well as high levels of layoffs. The characterisation of this recession as artificial stemmed from the assumption that problems experienced in Government as to contracts awarded to the private sector resulted in drastic cutbacks in Government tendering. Once government got back its "house in order", this artificial recessionary cap on Construction Activity was lifted and business confidence (and expectations) rose. One important lesson that was learned from this experience was the need to develop local capability in this sector.

The Construction Sector has many forward and backward linkages that can facilitate employment multiplier effects within the economy in general. This can enhance the socio-economic benefits of such an expansion period as experience in the construction sector. In this light, the Government has encouraged citizen participation in the Construction Sector. And further, this study amplifies on the economic potentialities of utilizing the scheme to assist Citizen Contractors as an important contributory vehicle to the search for new employment growth areas.

1.2 The Scheme to Assist Citizen Contractors

The assistance scheme is a package of measures introduced by the government to encourage the increased participation of citizen owned contractors in the construction industry in order to promote the growth of the indigenous construction industry sector. The scheme emphasises training and better understanding of what facilities exist both in government and outside government. Training of entrepreneur in tendering and estimating, planning and proper financial management was seen as the key to the development of a more competitive citizen owned business. In addition, training of entrepreneurs through joint-venture, special designated projects and technical support were some of the on the job related training components considered. Other measures taken by government included waivers on performance bonds with respect to certain categories of citizen owned contractors and provision for incentives such as the 10 percent advance payment. The government introduced a price preference scheme for citizen owned contractors and reserved certain construction activities to encourage an increased participation of citizen owned contractors in the sector.

1.2.1 Performance Bonds

Contractors which are not 100% citizen owned are required (6) to provide 10% of the contract value for the performance bond (not as in the past 10% for values up to P250 000 and 5% on any amount in excess of P2500 000). To make it easy for citizen owned contractors to start contracts without hindrance the government introduced in 1988 the totally and partially waived performance bond for 100% citizen owned contractors as follows (7);

- * Building and electrical contracts
- * Opportunity category(OC) - no performance bond required
- * Grade A - no performance bond required
- * Grade B - 2,5% performance bond required
- * Grade C to E - 5 performance bond required

The performance bond requirements have since 1991 been revised to read as follows for citizen owned electrical contractors (6).

- * Opportunity category - no performance bond required
- * Grade A, B and C - no performance bond required
- * Grade D and E - 5% performance bond required

(ii) Civil/roads and airfields contractors

- * There is no opportunity category with regard to road and airfield constructions.
- * Grade A - 5% performance bond required
- * Grade B to E - 10% performance bond required

The performance bond requirements have since 1992 been revised to read as follows for citizen owned road contractors (8).

- * Grade A - no performance bond required
- * Grade B - 5% performance bond required
- * Grade C to E - 10% performance bond required

(iii) Botswana Housing Corporation

All Botswana Housing Corporation contracts were to remain bonded i.e., the 10% performance bond requirement was to remain. However, the Botswana Housing Corporation uses the above described performance bond requirements introduced in 1988 to assist citizen owned contractors.

1.2.2 Advance Payments

Because many citizen owned contractors experience cash flow problems, a 10% advance payment was introduced in 1988 to enable them to meet up front project related costs. The 10% advance payment was to be made available to citizen owned contractors as a loan to be recovered from the first three certificates in three equal instalments. The 10% advance payment was to be secured except for the following low grade contractors (7).

- * Grades OC and grade A for citizen owned building contractors.
- * Grade A road contractors which are citizen owned.
- * Grades OC, A and B citizen owned electrical contractors.

A plant/equipment advance of up to 10% of the contract value was also introduced in 1988 for citizen owned road contractors to have the option to either provide acceptable security or pledge the plant/equipment to the client until the advance is fully paid (7).

1.2.3 Technical Support and Training Assistance

In order to encourage citizen owned contractors to produce properly priced bills of quantities when tendering, a subsidy of P1,000 was introduced (7) in 1988 for citizen owned contractors to obtain services of a consultant to produce proper tender documents. This subsidy was to be made available to qualifying citizen owned contractors as follows (7);

- * First time the consultant prepares a properly priced bills of quantities and discusses them with the contractor.
- * Second time they prepare a properly priced bills of quantities together jointly.
- * Third time the contractor prepares a properly priced bills of quantities and contracts a consultant for checking and verification.

The following categories of citizen owned contractors were to qualify;

- * Road contracts - grades A and B
- * Building contracts - grades OC, A and B
- * Electrical/mechanical contracts - grades OC, A and B

1.2.4 Training

During the 1970-1975 National Development Plan period, the Botswana Government took steps to provide an extension service and a program designed to assist indigenous small scale entrepreneurs. In the early 1970s organisations such as the Botswana Enterprises Development Unit (BEDU), the Institute of Development Management (IDM) and the Business Advisory Service (BAS) were established to transmit business management training and technical assistance to indigenous entrepreneurs. It was during the early 1970s that the training of citizen owned contractors was started by BEDU. Later BEDU, BAS and the Rural Industries Officers were merged to establish the Integrated Field Services. When the scheme to assist citizen owned contractors was introduced in 1988 training was also included in the assistance scheme.

The training of citizen owned contractors to improve their competitiveness is described as follows in the 1989 Publicity Material for the Scheme to citizen assist Building and Road Contractors (7).

(i) Direct Training

Direct training in technical and business management was to be provided free to contractors throughout the country by the Department of Industrial Affairs through the Division of Integrated Field Services (IFS) under the 1988 scheme introduced to assist citizen owned contractors. A free advisory and consultancy service for citizen owned contractors by the IFS Construction Estate was also introduced.

The Integrated Field Services and the Department of Architecture and Building Service were to upgrade training programmes in preparation of contract documents and sketches for tendering in the construction of advanced and complex structures like building and specialised building projects. Institutions like Institute of Development Management (IDM) were to offer upgrading courses from time to time for a small fee to improve levels of performance of contractors. IDM was established in 1974 to help meet the training and research needs of mid-career and senior managers in Botswana, Lesotho and Swaziland.

(ii) Joint Venture for Transfer of Technology

To facilitate the transfer of technology development contracts were to be identified where high category grade citizen owned (D and E) contractors and lower grade (OC, A, B and C) citizen owned contractors could jointly undertake a project.

(iii) Special Training Designated Projects

To facilitate training of middle to high category citizen owned contractors in advanced elements of construction and engineering projects contracts were to be identified to be constructed by the middle to high category building contractors under strict supervision.

1.2.5 The Price Preference Scheme

In June 1985 the Government of Botswana introduced a price preference scheme to be used in the evaluation of tenders for **building** projects in favour of citizen owned contractors. A 2.5% price preference was introduced to be applied to building tenders during the evaluation process in the following order of priorities (9).

- (i) Citizen owned building contractors - 100% citizen owned.
- (ii) Majority citizen owned building contractors at least 51% citizen owned.
- (iii) Joint venture contractors - 25% to 50% citizen owned.
- (iv) Expatriate building contractors - less than 25% citizen owned.

The 2.5% price preference was from 1985 applicable to a maximum preference of P50,000 and it was revised in 1991 to become applicable to a maximum preference of P150,000 (6).

The price preference scheme has since been revised by the Ministry of Commerce and Industry letter of June 1994 (Ref.: CI 5/5/2 VI(93)) to include electrical and mechanical contractors (10).

1.2.6 The Botswana Housing Corporation Citizen Contractors Support Programme

The Botswana Housing Corporation (BHC) is required by the Presidential Directive CAB 29/88 (11) to support the policy of promoting citizen owned contractors. According to this Presidential Directive the Botswana Housing Corporation is to receive from the government, a 10% grant of the contract sum to cover additional costs arising from making special conditions necessary to involve citizen owned contractors.

These special conditions included the fragmentation of large contracts to permit joint ventures and the increased participation of citizen contractors in BHC contracts.

1.2.7 Reservation Policy

The government in 1985 reserved certain construction activities for 100% citizen owned contractors to encourage their increased participation in the construction sector (12).

The Central Tender Board was to consider new applications for registration on the following basis (12);

- * 100 percent citizen owned firms for all grades
- * Majority citizen-owned (greater than 51% citizen owned) and joint venture firms (25 - 50% citizen owned) for grades C, D and E.
- * Expatriate firms in grade E only.

The Central Tender Board was to consider all applications for upgrading for firms already on the register.

Grades OC, A and B building projects were to be reserved for citizen owned firms, provided this reservation is waived to include grade C contractors for complex project or where the work load and capacity of citizen firms at the date of issue of tender documents would result in lack of competition and inflated tender prices. Expatriate firms presently in grades A and B were to be allowed a grace period of two years during which they may tender for government projects in Grade A and B in order to prove their capability for upgrading to a higher category.

Maintenance and minor building works of government's properties were to be reserved for citizen owned contractors and decision making in respect of these contracts decentralised to each of the government building depots and their sub depots. There was to be a ceiling value of P10 000 on each contract to facilitate participation by a number of contractors in each area (12).

The following aspects of road construction and railway maintenance were to be restricted to 100% citizen owned firms (12).

- fencing
- maintenance of roads
- reserve and drainage
- culvert construction
- transport and plant hire
- clearing and scrubbing bush
- stock piling of materials
- carting gravel and chipping
- bridge painting
- road marking, fog spray and resurfacing bitumen roads
(non-citizen contractors to be considered
even when citizen contractors have tendered)

1.3 Registration and Classification of Contractors

At present the responsibility for the registration of contractors lies with the Central Tender Board and the Ministry of Local Government Lands and Housing. The Central Tender Board is the oldest registration body in Botswana while the Ministry of Local Government Lands and Housing only recently started to register contractors in 1992. The Ministry of Local Government Lands and Housing is at the present moment in a position to register only building construction contractors and is preparing to register other types of contractors in the future. The Central District Council used to maintain a register and classification of building construction contractors until the Ministry of Local Government Lands and Housing building construction contractors registration was introduced.

Both the Central Tender Board and the Ministry of Local Government Lands and Housing mainly classify contractors according to their field of expertise or construction, their standing in terms of resources and the track record of competence. The registration also gives information about the contractor as to whether the contractor is a citizen owned contractor, a joint-venture contractor or a foreign owned contractor.

The Central Tender Board classifies contractors into the following nine broad fields of construction:-

Civil engineering,	Building,
Mechanical ,	Electrical,
Water engineering,	Drilling services,
Roads - ancillary works,	Fence- building,
Civil aviation/meteorological electronics.	

There are in total 213 firms registered with the Central Tender Board of which 56 percent are citizen owned contractors, 4 percent are joint-venture contractors and 40 percent are foreign owned contractors. Some firms are registered in more than one field of construction. For example some firms are registered for both building and civil engineering works. Table 1.3.1 shows the number of contractors registered with the Central Tender Board as per Central Tender Board registration file of 1991 (13) .

Approximately one hundred and twenty three firms are registered with the Central Tender Board for building work of which 62 percent are citizen owned contractors, 6 percent are joint-venture contractors and 33 percent are foreign owned contractors (13). Forty seven firms are registered for electrical services of which 62 percent are citizen owned contractors, 4 percent are joint-venture contractors and 35 percent are foreign owned contractors (13). Fifty two firms are registered for civil engineering work of which 31 percent are citizen owned, 6 percent are joint-venture contractors and 63 percent are foreign owned contractors (13). Twelve firms are registered with the Central Tender Board for mechanical work out of which 4 are citizen owned and 8 are foreign owned mechanical contractors (13). Fencing-building is reserved for citizen contractors (12) and there are sixteen citizen owned contractors registered with Central Tender Board for fencing work (13). There are no citizen owned contractors registered for drilling services, water engineering, road-ancillary works, and civil aviation/meteorological electronics (13).

In introducing the scheme to assist citizen owned contractors, consideration was given to the number of citizen contractors registered with the Central Tender Board and their grades. For example the assistance to building contractors cover all the Central Tender Board grades since there are citizen building contractors in all the grades.

Table 1.3.1 Number of contractors registered with the Central Tender Board by construction field and ownership

Construction Field	Citizen Owned	Joint Venture	Foreign Owned
Civil	16	3	33
Building	77	8	38
Electrical	29	2	16
Fence Building	16	-	-
Mechanical	4	-	8
Water Engineering	-	-	2
Drilling Services	-	-	3

Each broad field of expertise is divided into specialised fields of construction, see example given below for drilling services and building services. More information on the Central Tender Board classification system can be found in Appendix G.

i) Building

- * Building construction
- * Structural steel work
- * Pre-fabricated buildings
- * Solar water heating
- * High rise buildings
- * Design and build

ii) Drilling services

- * Rotary/hammer/air
- * Mud Drilling
- * Cable tool
- * Test pumping
- * Hydrofracturing
- * Borehole development

Each specialised field of construction is classified on the basis of the contractors standing in terms of resources and track record of competence to set contract values limits on the size of government/parastatal/council contracts a contractor qualify to tender for. The contractors can apply to upgrade to a higher class or grade when their resources and track record have improved. Table 1.3.2 gives the Central Tender Board classification system and the respective current ceiling contract values for each grade for civil/road, building construction, general electrical installations, all mechanical services and fencing-building.

Table 1.3.3 gives the Ministry of Local Government Lands and Housing classification system and the respective current ceiling contract values for each grade for building construction. The ceiling contract values are supposed to be regularly revised due to inflation etc.

Table 1.3.2: The Central Tender Board Contractors Classification and Contract Ceiling Values

CTB GRADING	CONTRACT CEILING VALUE IN PULA				
	Civil /Roads	Building Construction	Electrical Installations	Mechanical All Services	Fencing
OC	No OC	P150 000	P20 000	P20 000	No OC
A	P1 000 000	P450 000	P60 000	P60 000	P50 000
B	P5 000 000	P900 000	P150 000	P150 000	P100 000
C	P10 000 000	P2 000 000	P300 000	P300 000	P250 000
D	P20 000 000	P4 000 000	P600 000	P600 000	P500 000
E	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED

A contractor seeking registration or upgrading by the Central Tender Board completes an application form(see Appendix G) giving information on its resources and experience. The Central Tender Board forwards the application forms to the relevant department in the central government and if the application is by a building contractor the forms are forwarded to the Department of Architecture and Building Service to evaluate and recommend a grade. Application forms from civil/road contractors and electrical/mechanical contractors are forwarded to the Roads Department and the Department of Electrical and Mechanical Services to evaluate and recommend a grade respectively. To evaluate and verify the information given

by the contractors the departments visit the contractors to see the resources and the projects undertaken in Botswana. The recommendation by the department is forwarded to the Board for approval before the contractor is notified by a letter from the Central Tender Board of the grade given.

Table 1.3.3: The Ministry of Local Government lands and Housing Classification and Contract Ceiling Values

MLGLH GRADING	CONTRACT CEILING VALUE IN PULA
	BUILDING CONSTRUCTION
1	75 0000
2	150 000
3	300 000
4	450 000
5	600 000
6	900 000
7	1 500 000
8	3 000 000
9	UNLIMITED

A contractor seeking registration with or upgrading by the Ministry of Local Government Lands and Housing completes an application form(see Appendix G) giving information on its resources and experience. To evaluate and grade a contractor the Ministry of Local Government Lands and Housing has a committee comprising eight members from the Ministry of Commerce and Industry, the Ministry of Local Government Lands and Housing, Tshipidi Badiri Builders Association, Kweneng Land Board, Kgatleng District Council, Gaborone City Council and South East District Council who assess the information given by the contractor and give the contractor a grade.

All information given by the contractor on contracts undertaken has to be certified by the organisations which the contractor worked for. Information on plant/equipment has to be accompanied by proof such as copies of the blue books for vehicles etc. In the evaluation of the contractors information the committee members complete an evaluation form (see Appendix G) following guidelines on the maximum points which the different items on the form can score (refer to Appendix G).

There are in total 458 building contractors registered with the Ministry of Local Government Lands and Housing of which 74 percent are citizen owned contractors, 9 percent are joint venture contractors and 17 percent are foreign owned contractors as per the 1994 Ministry of Local Government Lands and Housing contractors registration file (14).

There are many citizen contractors and possibly a few foreign contractors which are operating in Botswana and are not registered with the Central Tender Board or the Ministry of Local Government Lands and Housing.

1.4 Tender Regulations and Procedures

Tender regulations and procedures are to some extent different between the Central Tender Board, the Ministry of Local Government Lands and Housing, and parastatals. Most parastatals have their own tender regulations approved by the Board of Directors. The Central Tender Board regulations are used by the central government departments, some parastatals and the Ministry of Local Government Lands and Housing when implementing central government development projects. The Ministry of Local Government Lands and Housing tender regulations are used by the town/city/district councils and land boards. This study was to look into the possibility of harmonisation and uniformity of tender regulations and procedures for contractors in Botswana (refer to the Terms of Reference given in Appendix F). Tender regulations and procedures are compared in section 3.4 of the report to demonstrate the areas where there are differences in tender regulations and procedures between the following organisations:

- * Botswana Power Corporation
- * Water Utilities Corporation
- * Botswana Telecommunications Corporation
- * Botswana Housing Corporation
- * Central Tender Board
- * Ministry of Local Government Lands and Housing

2. APPROACH AND METHODOLOGY

2.1 Literature Search and Desk Study

A literature research was carried out in order to compile information regarding all aspects of the scheme to assist citizen owned contractors. A literature study was then undertaken to get a clear understanding of the nature of the problems faced by citizen contractors and the reasons which led to the introduction of the scheme to assist citizen owned contractors. The literature study formed the basis of the preparatory work for the field survey. Based on the literature study questionnaires were formulated for use in the field survey to get views and information about the scheme.

The February 1989 Publicity Material for the Scheme to assist citizen Building Contractors and Road Contractors (7) provided some background material for the study (7).

A circular written to all contractors by the Central Tender Board in January 1986 formed the background material for the 2.5 percent price preference scheme (9). Presidential Directive CAB 29/24 of 1988 provided background material for the Botswana Housing Corporation citizen contractors support programme (11). Presidential Directive CAB 19/85 provided background material for the Reservation Policy (12). Revisions of some elements of the assistance scheme in 1990 by the Central Tender Board savingram (Ref.: TBG/5) (6) and in 1994 by the Ministry of Commerce and Industry letter (Ref. CI/5/5/12 VI (93)) (10) provided an update on the scheme and these have been included in Section 1.2 which describe the elements of the assistance scheme.

Correspondences between various government departments, town/districts councils, parastatals and the Tshipidi Badiri Builders Association highlighted some of the problems experienced since the introduction of the assistance scheme.

The 1993 Southern African Construction Industry Initiative Study (15) by the Council for Scientific and Industrial Research (CSIR) of South Africa highlighted some of the problems faced by citizen owned contractors in Botswana and in the entire Southern African Construction Industry. The CSIR summarised the main problems faced by most indigenous contractors in the region as: lack of access to capital, inadequate capacity building and human resources development, lack of national/regional industry unification, no promotion of national/regional industries and lack of standardised practices.

The Construction Industry Study (16) conducted by the Botswana Technology Centre in 1992 for the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) made a recommendation that the Central Tender Board ceiling values should be increased so that citizen contractors can tender for larger contracts.

The Central Tender Board (13) and Ministry of Local Government Lands and Housing (14) contractors registration files and the Integrated Field Services Construction Estate list of citizen contractors provided the information from which citizen owned contractors were selected for the field survey.

Tender regulations and procedures for the organisations given in Table 2.1 formed the basis for tender regulations and procedures comparison (17, 18, 19, 20, 21). Table 2.1 gives a summary of the literature search.

Table 2.1 Summary of Literature Search

PURPOSE	REFERENCE LIST
<p>Citizen Contractors Assistance Scheme Background and History</p>	<p>Publicity material for the scheme to assist Citizen Building Contractors and Road Contractors (1989)</p> <p>Central Tender Board circular to all contractors (1986)</p> <p>Presidential Directive CAB 19/85 (1985)</p> <p>Central Tender Board savingram (Ref.: TB G/5) 1994</p> <p>Ministry of Commerce and Industry letter (Ref.: CI/5/5 12 VI (93) (1993)</p> <p>Presidential Directive CAB/24 (1988)</p>
<p>Review of Previous Similar Studies</p>	<p>Indigenous and non-indigenous Enterprises in Botswana . Historical Cultural and Educational Factors in their Emergence (1984) Dube Jones</p> <p>Southern African Construction Industry Initiative Study (1993). CSIR South Africa</p> <p>Construction Industry Study conducted by the Botswana Technology Centre for the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) (1992)</p>
<p>Identification of contractors for the study</p>	<p>Central Tender Board contractors registration file (1991).</p> <p>Ministry of Local Government Lands and Housing contractors registration file (1994).</p> <p>The Integrated Field Services Construction Estate list of citizen owned contractors.</p>
<p>Comparison of Tender Regulations and Procedures</p>	<p>Botswana Power Corporation tender regulations.</p> <p>Water Utilities Corporation tender regulations and procurement procedures.</p> <p>Botswana Telecommunication Corporation financial procedure manual.</p> <p>District Council tender regulation.</p> <p>Republic of Botswana supplies regulations and procedures: Central Tender Board Botswana Housing Corporation tender procedures</p>

2.2 Questionnaire Design

Five questionnaires were designed to get views and information about the scheme to assist citizen contractors from all the players involved directly or indirectly with the implementation of the assistance scheme. The questionnaires formed part of the draft inception report which was submitted to the client for distribution to the Reference Group members for comments. The comments made by the Reference Group members were incorporated in the final questionnaires included in Appendix C. The composition of the five questionnaires is as follows:

2.2.1 Questionnaire I Citizen Contractors

Questionnaire I was designed to get information from citizen contractors on contracts procurement, annual turnover, employment, and manpower development in order to establish the impact the assistance scheme has had on the citizen construction business sector during the last four years. The questionnaire was also designed to get views from citizen contractors in all aspects of the assistance scheme and the construction industry in general.

2.2.2 Questionnaire II: Integrated Field Services (IFS) Construction Estate

The questionnaire was designed to get information on the number of trainees trained by the IFS Construction Estate during the past seven years. The National Development Plan Seven (NDP 7) states that the IFS coverage is constrained by the size of the area under each stations jurisdiction, inadequate staff, facilities and logistics. The questionnaire was also designed to get information on the constraints of the IFS Construction Estate training programme.

2.2.3 Questionnaire III Implementing Agencies

Questionnaire III was designed to get information on the citizen contractors, share of contracts awarded by government departments, town/districts councils and parastatals. The Questionnaire was to get information on the cost of the 2.5 percent price preference scheme. Information on the 10 percent grant the central government pay to the Botswana Housing Corporation (BHC) for the BHC citizen contractors support programme administration costs was also requested from the BHC. The questionnaire was also designed to get views on all aspects of the assistance scheme and the construction industry in general.

2.2.4 Questionnaire IV: Organisations indirectly involved with the scheme

The questionnaire was designed to get views in all aspects of the scheme and the construction industry in general from the Department of Industrial Affairs who are the policy makers in this case, the two contractors associations; the Tshipidi Badiri Builders Association and the Association of Botswana Contractors (ABCON) and the construction sector of the Botswana Confederation of Commerce Industry and Manpower (BOCCIM).

2.2.5 Questionnaire V: The Planning Unit of the Ministry of Local Government Lands and Housing, and the Division of Economic Affairs of the Ministry of Finance and Development Planning.

Questionnaire V was designed mainly to get information from the above on the cost of the 10 percent grant paid by the central government to the Botswana Housing Corporation (BHC) to cover the additional administration costs of the BHC citizen contractors support programme.

2.3 Field Survey

Citizen owned contractors were initially selected for the field survey were identified from the contractors registration files of the Central Tender Board. Contractors were selected based on the number of citizen owned contractors available in each city/town/district given in the Terms of Reference (included in Appendix F) and the number of citizen owned contractors in each registration grade in order to cover all the Central Tender Board registration grades for building construction contractors, general installation electrical contractors, civil engineering/road contractors and mechanical contractors. However, the citizen owned contractors registered with the Central Tender Board in each study area were included in the field survey sample.

More citizen owned contractors were randomly selected from the Ministry of Local Government Lands and Housing Building construction contractors registration file and the Integrated Field Services Construction Estate list of citizen owned contractors in order to supplement the sample size in areas where the number of citizen owned contractors registered with the Central Tender Board could not make the estimated sample size for each area. The field survey was planned to take place over a period of approximately four weeks. An initial sample size of 160 contractors was used as the basis for the field survey are in Table 2.3.1. A sample size of 160 contractors gave a 25 percent coverage of the citizen owned contractors of which there was a record of. Table 2.3.1 give the percentage coverage of the initial sample size in each study area given in the Terms of Reference(see Appendix F).

As the Ministry of Local Government Lands and Housing currently register contractors in building construction only, the contractors register file was used to supplement the list of building construction contractors selected for the study. The building construction contractors selected included; thirty contractors registered with both the Central Tender Board and the Ministry of Local Government Lands and Housing, forty contractors registered with the Central Tender Board only and thirty five contractors registered with the Ministry of Local Government Lands and Housing only. The civil/road contractors and mechanical contractors could only be identified from the Central Tender Board contractors registration file and the field survey included all the civil/road and mechanical citizen owned contractors registered with the Central Tender Board in each study area. The Integrated Field Services Construction Estate list of citizen owned contractors was used to supplement building construction and electrical contractors in some areas. The total number of contractors selected from the Integrated Field Services Construction Estate list of citizen owned contractors was fifteen.

Contractors identified outside the Central Tender Board file of contractors are included in Table 2.3.1 as being of the Central Tender Board grade OC since the contractors are all small citizen owned contractors. Six contractors in Gaborone and Francistown with a record of defaulting were also included in the study. The total number of citizen owned contractors in Botswana which could be identified from the Central Tender Board and the Ministry of Local Government Lands and Housing contractors registration files and the Integrated Field Services list of citizen owned contractors was approximately six hundred and fifty. However, it is generally believed that the number of citizen owned contractors in Botswana could be in the region of two thousand.

Table 2.3.1 Initial sample size for the field survey by town/district and the percentage coverage

Town/District	Central Tender Board Grading						Defaulting Contractors	Percentage Coverage
	OC	A	B	C	D	E		
(i) Gaborone								
Building Contractors	13	14	6	4	4	4	5	62%
Electrical Contractors	6	6	2	1	1	-	-	
Road Contractors	-	-	1	2	3	-	-	
(ii) Southern District								
Building Contractors	3	2	3	1	-	1	-	32%
Electrical Contractors	1	1	-	-	-	-	-	
Road Contractors	-	-	-	-	-	-	-	
(iii) Francistown								
Building Contractors	-	3	4	-	-	-	1	14%
Electrical Contractors	-	1	1	-	-	-	-	
Road Contractors	-	2	1	1	-	-	-	
(iv) Selebi Phikwe								
Building Contractors	5	2	1	-	-	-	-	50%
Electrical Contractors	2	-	-	-	-	-	-	
Road Contractors	-	-	-	-	-	-	-	
(v) Maun								
Building Contractors	8	2	2	1	-	-	-	47%
Electrical Contractors	-	-	-	-	-	-	-	
Road Contractors	-	-	-	-	-	-	-	
(vi) Chobe District								
Building Contractors	3	1	1	-	-	-	-	100%
Electrical Contractors	-	-	-	-	-	-	-	
Road Contractors	-	-	-	-	-	-	-	

.../ Continued

Town/District	Central Tender Board Grading						Defaulting Contractors	Percentage Coverage
	OC	A	B	C	D	E		
(vii) Central District								
Building Contractors	1	5	-	-	-	-	-	11%
Electrical Contractors	-	3	1	-	-	-	-	
Road Contractors	-	1	1	-	-	-	-	
viii) Kgalagadi District								
Building Contractors	9	1	-	-	-	-	-	26%
Electrical Contractors	-	-	-	-	-	-	-	
Road Contractors	-	-	-	-	-	-	-	
(ix) Gantsi District								
Building Contractors	8	2	-	2	-	-	-	32%
Electrical Contractors	-	-	-	-	-	-	-	
Road Contractors	-	-	-	-	-	-	-	
OVERALL TOTAL							160	25%

It turned out during the field survey that some contractors selected could not be identified hence other contractors had to be identified in order to maintain the initial sample size where possible. There were contractors selected who were said to have closed down due to lack of work and some had closed down due to poor business practices. It was also found that six contractors selected for the study because they are classified by the Central Tender Board as citizen owned were foreign owned contractor (two) and joint-venture contractors (four). Some contractors selected were said to have long closed down and were still on the Central Tender Board file as the Central Tender Board registration does not have an effective contractors registration renewal system in order to update old records. Because of the above reasons the field survey covered in total 101 citizen owned contractors against the initially proposed sample size of 160 citizen contractors. Table 2.3.2 give the total number of the different type of citizen contractors interviewed and their grading. The list of contractors interviewed and their Central Tender Board grading is given in Appendix A.

Table 2.3.2. The Total Number of Contractors Interviewed and their Grading

	Central Tender Board Grading							TOTAL
	OC	A	B	C	D	E	No Grade	
Building Contractors	8	14	8	9	3	3	29	74
Civil Contractors	0	0	0	2	1	0	3	6
Electrical Contractors	3	5	2	3	0	2	2	17
Mechanical Contractors	0	1	0	0	0	0	0	1
Other Contractors	0	0	0	1	1	0	2	3
TOTAL								101

A face to face interview of 101 citizen contractors was undertaken to get views and information about the assistance scheme. The list of citizen owned contractors interviewed, their areas of operation in Botswana and their registration grades with the Central Tender Board are given in Appendix A. In interviewing the citizen owned contractors the person conducting the interview had to complete questionnaire I included in Appendix C.

In addition questionnaires were sent for completion by organisations directly or indirectly involved with the assistance scheme. Appendix C give the different questionnaires and the organisations to which they were sent for completion. The questionnaires to government and non government organisations in Gaborone were hand delivered for completion in a period of two weeks. Questionnaires to town/district councils were also hand delivered to the Council Secretaries or Town Clerks for completion within the period when the Botswana Technology Centre staff was interviewing contractors in the area. Table 2.3 .3 give the organisations to which the questionnaires were delivered for completion and the designations of the people who completed the questionnaires.

There was no response from two organisations; the Gaborone City Council and the Association of Botswana Contractors (ABCON). To supplement the views and information given through completed questionnaires personal interviews were held with staff of the Botswana Housing Corporation (Technical Services Department), the Department of Architecture and Building Service, the Central Tender Board, the Ministry of Local Government Lands and Housing, the Central District Council, the Selebi Phikwe Town Council and the Francistown Town Council.

Due to delays in responses by some government departments, parastatals and the city/town/district councils the consultant was given a one month extension of time to make a follow-up on outstanding questionnaires. The consultant was also to conduct personal interviews to supplement the information obtained through the questionnaires which were completed by some of the government departments, parastatals and town/district councils. The following officers were interviewed to supplement the information obtained through questionnaires completed by some of the interviewees given in Table 2.3 .3).

- (i) Botswana Housing Corporation -Technical Services Department
Acting Principal Quantity Surveyor
Senior Architect
Principal Civil Engineer
Quantity Surveyor
- (ii) Department of Architecture and Building Services
Regional Manager - Central
Principal Quantity Surveyor - Quantity Survey Section
Deputy Superintendent of Works - Direct Works Division
Principal Architect II - Architectural Section
Senior Technical Officer - Direct Works Division
- (iii) Ministry of Finance and Development Planning - Central Tender Board
Director of Central Tender Board
Principal Finance Administrator
- (iv) Ministry of Local Government Lands and Housing-Department of Local Government and Development
Principal Architect
- (v) Central District Council
Chief Technical Officer (Building) - Palapye
Senior Technical Officer (Building) - Mahalapye
Senior Technical Officer (Electrical) - Serowe
Chief Technical Officer (Roads) - Serowe
- (vi) Francistown Town Council
Council Architect
Town Engineer
Deputy Town Engineer
- (vii) Selebi Phikwe Town Council
Chief Technical Officer (Roads)
Senior Architect
- (viii) Integrated Field Services Construction Estate
Senior Technical Officer (Engineer)

2.4 Data Analysis

All the data obtained from citizen contractors were entered into a database from which several reports were generated. The database was then exported into a spreadsheet and a statistical package for further analysis. This allowed a flexible environment to consider the data and generate graphs and tables as necessary. Data obtained through questionnaires II to V was analysed separately before the responses on similar questions were merged for ease of comparison.

Table 2.3 .3: List of Organisations and Interviewee Designations

Questionnaire	ORGANISATION	Designations of people who completed the questionnaire
II	Integrated Field Services Construction Estate Ministry of Commerce and Industry	Senior Architect
III	<ol style="list-style-type: none"> 1 Boipelego Education Project 2 Department of Architecture and Building Services 3 Water Utilities Corporation 4 Botswana Power Corporation 5 Roads Department 6 Gaborone City Council 7 Ghanzi District Council 8 Selebi Phikwe Town Council 9 Central District Council 10 North West District Council (Kasane) 11 North West District Council (Maun) 12 Francistown Town Council 13 Ministry of Local Government Lands, and Housing 14 Ministry of Local Government, Lands, and Housing 15 Central Tender Board 16 Department of Electrical & Mechanical Services 17 Botswana Housing Corporation (Technical Services) 18 Department of Water Affairs 19 Southern District Council (Works) 20 Botswana Telecommunications Corp. 	<p>Director</p> <p>Director and Senior Technical Officer (Direct Works)</p> <p>Deputy Chief Exec. & Manager Development</p> <p>Divisional Distribution Engineer (South)</p> <p>Chief Roads Engineer</p> <p>No Response</p> <p>Council Architect</p> <p>Senior Architect</p> <p>Principal Architect</p> <p>Technical Officer (Buildings)</p> <p>Senior Technical Officer (Buildings)</p> <p>Deputy Town Engineer</p> <p>Principal Engineer (Technical Unit)</p> <p>Principal Architect (Dept. of Local Govt. & Development)</p> <p>Principal Finance Administrator</p> <p>Principal Electrical Engineer</p> <p>Principal Quantity Surveyor & Principal Civil Engineer</p> <p>Director</p> <p>Senior Technical Officer</p> <p>Engineer Buildings Services</p>
IV	<ol style="list-style-type: none"> 1 Botswana Confederation of Commerce, Industry and Manpower 2 Tshipidi Badiri Builders Association 3 Association of Botswana Contractors 4 Department of Industrial Affairs 5 Botswana Association of Small Enterprises 	<p>Managing Director</p> <p>Secretary</p> <p>No Response</p> <p>Assistant Deputy Director</p> <p>Project Co-ordinator</p>
V	<ol style="list-style-type: none"> 1. Planning Unit: Ministry of Local Government, Lands and Housing 2. Division of Economic Affairs: Ministry of Finance and Development Planning 	<p>Senior Economist</p> <p>Principal Economist</p>

3. SURVEY RESULTS AND FINDINGS

An analysis of all the views and information obtained through completed questionnaires and personal interviews was undertaken and relevant findings and conclusions reported under each element of the assistance scheme. An analysis of information on contracts awarded by the implementing agencies (see Appendix E) from 1991 to 1994 was undertaken to show citizen owned contractors construction market share as an indicator of the impact of the assistance scheme on the citizen construction industry sector. Additional constraints to the growth of the citizen owned contractors identified during the study are reported in Section 3.6 of this report.

Appendix B give a summary of the views given by the citizen owned contractors interviewed and the responses of the organisations to which questionnaires III and IV were sent for completion.

3.1 Construction market share

Information on contracts awarded to citizen owned contractors, joint venture contractors and foreign owned was requested from nineteen implementing agencies(see section 2.3 Table 2.3.3). Fifteen implementing agencies responded to the information request and the information is included in Appendix E.

An analysis of the amount of contracts awarded to citizen owned contractors and non citizen owned contractors is given below to show the impact of the assistance scheme on the citizen owned contractors share of town/district, central government department and parastatals contracts for the past four years.

Fig 3.1.1 based on information given by the twelve organisations listed show that from 1991 to 1993 the amount of building construction contracts awarded to citizen owned contractors increased from P44.5million to P119 million respectively. The information from which Fig3.1.1 was plotted is included in Appendix E. For the same period (1991-1993) Fig 3.1.1 shows that building construction contracts awarded to foreign owned contractors went up from P86.9 million in 1991 to P259.4 million in 1992 and down to P234 million in 1993 and up again slightly to P248 million in 1994. In 1994 the building construction work awarded to citizen owned contractors decreased from P119 million in 1993 to P89.9 million in 1994 due to the slight increase in work awarded to foreign owned contractors and the decline in the overall building construction contracts. The building construction work awarded to joint venture contractors followed the same trend as for citizen owned contractors. The citizen owned contractors share in percentage terms of building construction contracts awarded to citizen owned contractors varied from 34 percent in 1991 to 24 percent in 1992 and 27 percentage in 1994 (Table 3.1.1 on Fig 3.1.1).

The conclusion which can be drawn from the above analysis therefore, is that the amount of building construction contracts awarded to citizen owned contractors increased with increase in work in the building construction industry but the percentage of building construction contracts awarded to citizen owned contractors has not increased (see Fig 3.1.1). When there was a decline in the building construction, the citizen owned and joint venture contractors were affected by the decline more than the foreign owned contractors (see Fig 3.1.1).

An analysis of electrical contracts awarded to citizen owned contractors by the Department of Electrical and Mechanical Services and the Botswana Power Corporation given in Fig 3.1.2 show that except in 1993 there has been no significant increase in contracts awarded to citizen owned electrical contractors. The citizen owned contractors share of electrical contracts awarded to citizen owned contractors varied from P2.4 million in 1991, P2.6 million in 1992, P6.8 million in

1993 and P3.4 million in 1994. The contracts awarded to foreign owned contractors steadily increased from P29.9 million in 1991 to P38.6 million in 1993. In 1994 the amount of electrical contracts declined and both the foreign owned and citizen owned contractors were affected by the decline (see Fig 3.1.2) . Table 3.2.4 (iii) in section 3.2.4 of this report show that of the electrical contracts awarded by the Department of Electrical and Mechanical Services from 1991 to 1994 approximately over 90 percent were in grades D and E. Table 3.2.7.3 in section 3.2.7 of this report show that the Department of Electrical and Mechanical Services grades C, D, and E electrical contracts were all awarded to foreign owned contractors from 1991 to 1994. The lack of increase in electrical contracts awarded to citizen owned contractors is due to the fact that although there are citizen owned contractors in grades C to E all contracts in grades C to E were from 1991 to 1994 awarded to foreign owned contractors only. It could be that the reason why the Department of Electrical and Mechanical Services grades C to E electrical contracts were from 1991 to 1994 all awarded to foreign owned firms was that as it was only last year that the 2.5 percent price preference was revised to include citizen owned electrical/mechanical contractors, the citizen owned electrical contractors in grades C to E were not able to compete with foreign owned contractors.

Fig 3.1.3 shows the amount of civil engineering contracts awarded to citizen owned contractors and non citizen owned contractors by the eight organisations listed on the same figure. In 1991 the major civil engineering projects like the upgrading of Mandela Drive and the construction of the Western Bypass in Gaborone were awarded to the foreign owned civil engineering contractors who obviously had to have a significantly bigger share of civil construction contracts awarded in 1991. In 1991 the value of civil engineering work awarded to foreign owned firms was P481.27 million (94%) as compared to P30.34 million (6%) value of civil engineering work awarded to citizen owned contractors. With the decline in civil engineering contracts from 1991 to 1994 the citizen owned civil engineering contractors did get a better share of the few contracts which were awarded from 1992 to 1994. The reason being that most contracts were from 1992 to 1994 small enough to allow the better participation of citizen owned firms. From 1992 to 1994 the value of civil engineering work awarded to citizen owned firms was P63.02 million (55%) in 1992, P68.02 million (38%) in 1993 and P46.67 million (27%) in 1994.

The conclusion which can be drawn from Fig 3.1.3 is that with the decline in civil engineering contracts from 1991 to 1994 the citizen owned civil engineering contractors did get a better share of the few contracts which were awarded from 1992 to 1994. The reason being that most contracts were from 1992 to 1994 were small enough to allow the better participation of citizen owned firms.

Citizen owned contractors share of construction market indicate that the citizen owned contractors account for an overall average of only 10% - 30% of the construction market (output) whilst the foreign owned construction companies accounts for 70% - 90% of the construction market and the cost/employment ratio is probably inversely proportional to firm size and to capital intensive technique employed by the big foreign owned construction companies. The foreign owned construction companies share of employment may be smaller relative to construction output due to the use of capital intensive construction techniques. The increase in the share of the citizen owned contractors in construction demand and output has not been very significant. Figure 3.2.6 present a more detailed data from the Botswana Housing Corporation which supports the conclusion that whilst commendable progress has been made in the construction market for citizen owned contractors in overall construction demand the citizen owned contractors share in percentage terms of the construction market remained significantly constant over time although the overall construction demand in the country experienced a downward trend.

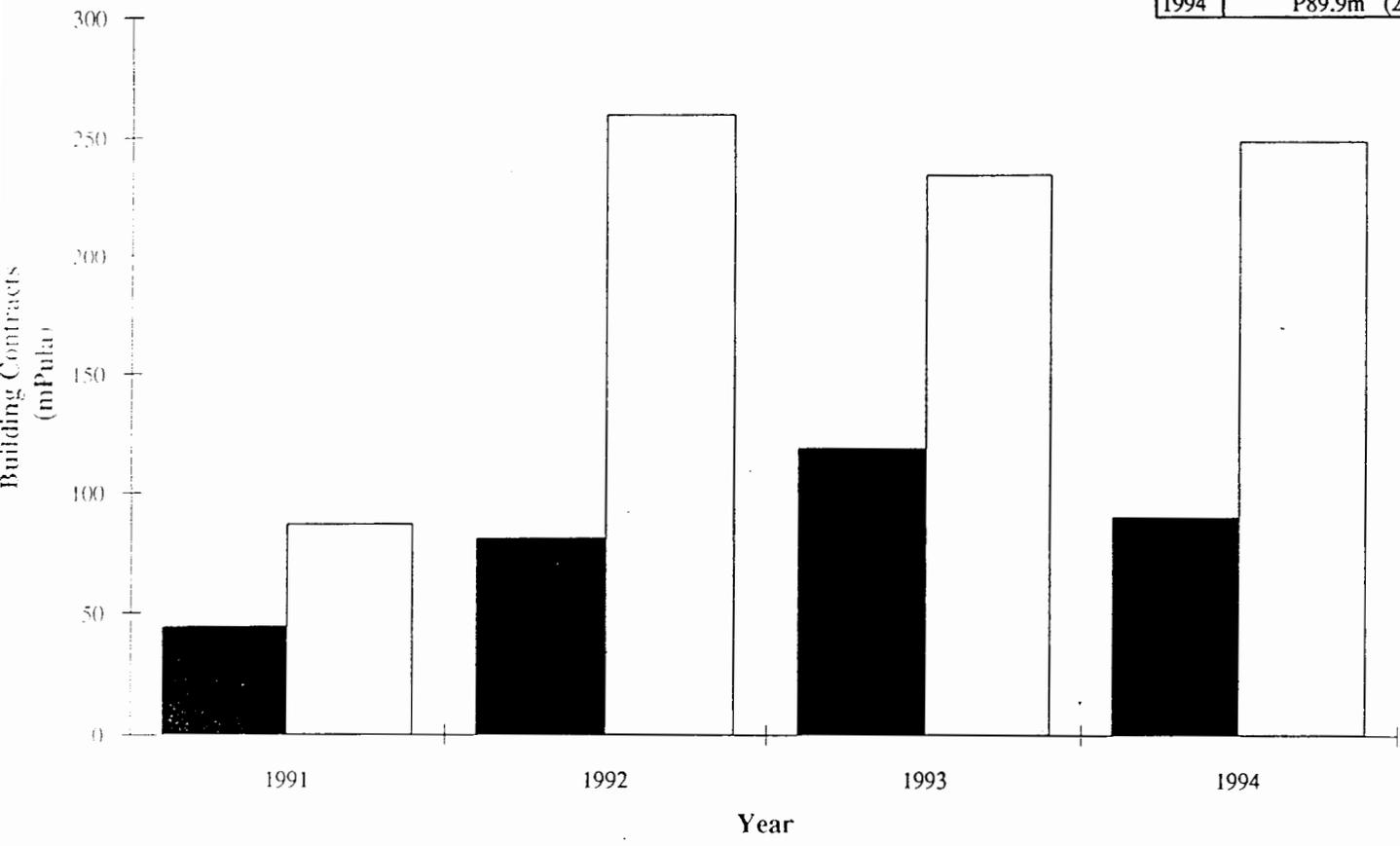
This assessment is strongly confirmed by the cross-district survey (see Figure 3.2.7.1). Citizen owned contractors share of the construction market percentage wise appear to be very encouraging but it indicate that a large proportion of the citizen contractors operate in the district council areas of the country where projects are dispersed over wide areas and in very difficult terrain. The number of foreign owned construction companies operating in the districts appear to be small but their construction output in terms of contract value far outweighs the value of project undertaken by the citizen contractors in the districts.

Figure 3.2.7.2 paints a grave picture for the citizen owned contractor in town councils. The foreign owned construction companies share of the construction market in terms of value of contracts far outstrip the citizen contractor's share of the market in the two town councils ie Selibe Pikwe Town Council and Francistown Town Council. This is not logical because most projects in the town councils and district areas, in terms of technological requirement are minor building works like schools, clinics, houses. It would appear therefore, that contrary to the Presidential Directives 19/85 on the reservation policy contracts are being packaged into a large contracts by some implementing agencies and therefore, cuts the participation of the citizen owned contractors. In order to correct this disparity the reservation policy should be enforced in all town council areas, except for projects which are deemed to be beyond the capability of citizen owned contractors. The fact that citizen owned contractors progress in the construction market has been slow might be due to some institutional weaknesses and constraints in the industry. These deficiencies maybe due mainly to staff shortages and inadequacies of training among staff of some of the institutions in the industry. There is the belief that some technical staff find it easier to deal with the foreign owned companies because of their know-how and resulting less inspection.

Figure 3.1.1: Building contracts awarded (1991 - 1994)

Table 3.1.1

Year	Citizen Owned Contractors	Foreign Owned Contractors
1991	P44.5m (34%)	P86.9m (66%)
1992	P81m (24%)	P259.4m (76%)
1993	P118.6m (34%)	P234.3m (66%)
1994	P89.9m (27%)	P248m (73%)



**Total of contracts awarded by
(See Appendix E):**

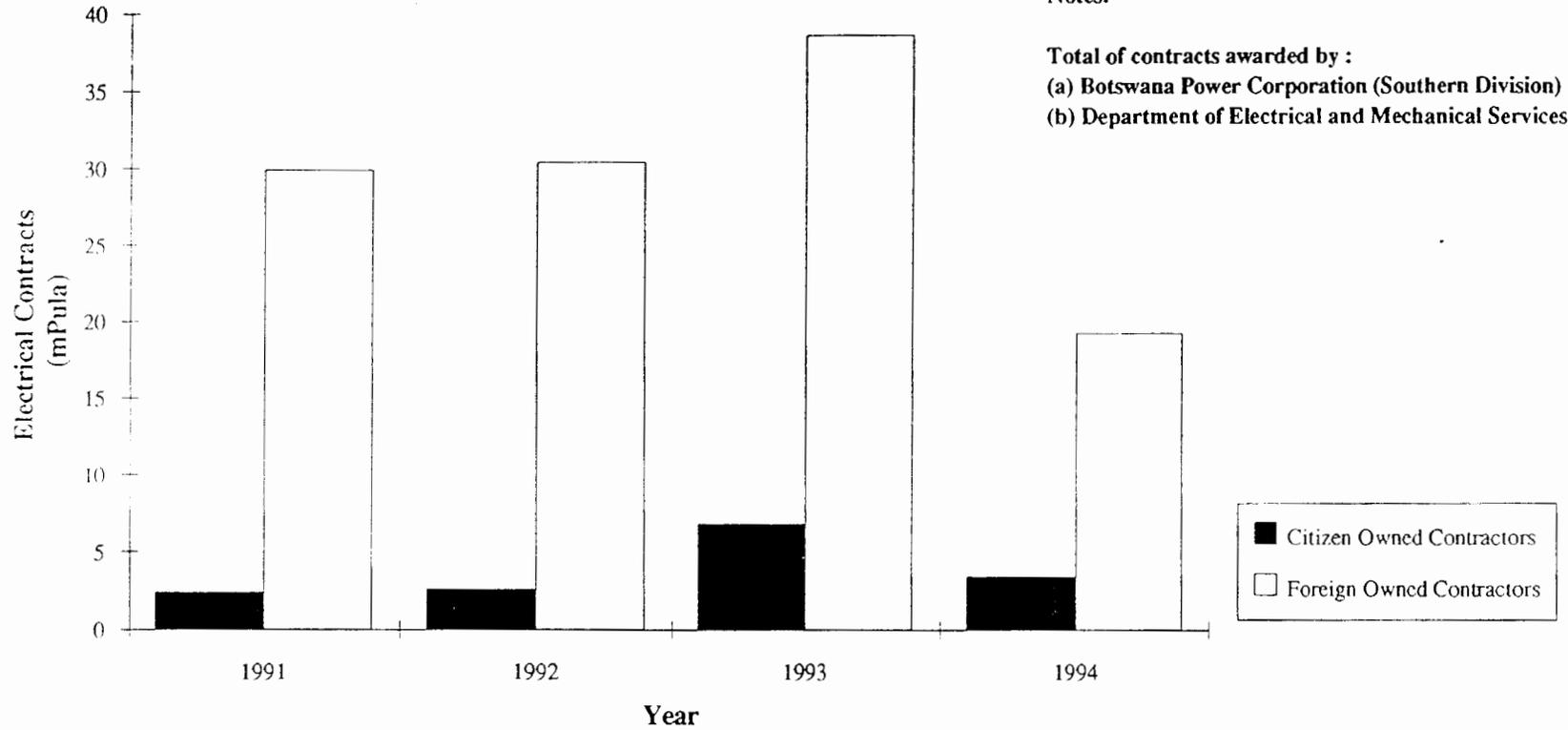
- (a) Botswana Housing Corporation
- (b) Dept. of Architecture and Building Services
- (c) Francistown Town Council
- (d) Selibe Phikwe Town Council
- (e) Central District Council
- (f) North West District Council
- (g) Gantsi District Council
- (h) Southern District Council
- (i) Bolpelego Education Project
- (j) Water Utilities Corporation
- (k) Bots. Telecommunications Corporation
- (l) Bots. Power Corporation (Southern Division)

Citizen Owned Contractors
 Foreign Owned Contractors

Figure 3.1.2: Electrical Contracts (1991 - 1994)

Table 3.1.2

Year	Citizen Owned Contractors	Foreign Owned Contractors
1991	P2.4m (7%)	P29.9m (93%)
1992	P2.6m (8%)	P30.4m (92%)
1993	P6.8m (15%)	P38.6m (85%)
1994	P3.4m (15%)	P19.2m (85%)



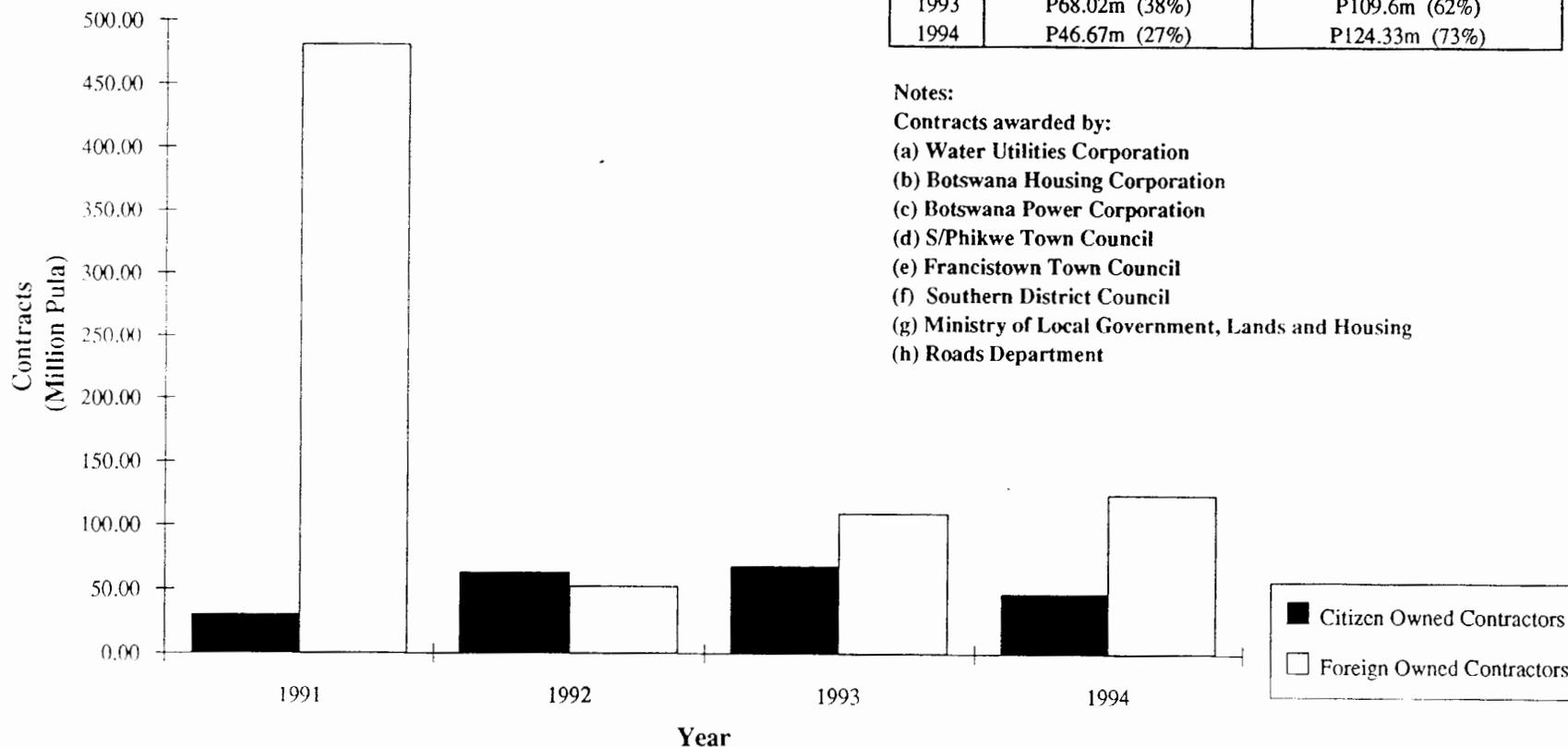
Notes:

Total of contracts awarded by :
 (a) Botswana Power Corporation (Southern Division)
 (b) Department of Electrical and Mechanical Services

Figure 3.1.3: Civil Engineering contracts awarded (1991 - 1994);
 See notes below.

Table 3.1.3

Year	Citizen Owned Contractors	Foreign Owned Contractors
1991	P30.34m (6%)	P481.27m (94%)
1992	P63.02m (55%)	P52.47m (45%)
1993	P68.02m (38%)	P109.6m (62%)
1994	P46.67m (27%)	P124.33m (73%)



Notes:

Contracts awarded by:

- (a) Water Utilities Corporation
- (b) Botswana Housing Corporation
- (c) Botswana Power Corporation
- (d) S/Phikwe Town Council
- (e) Francistown Town Council
- (f) Southern District Council
- (g) Ministry of Local Government, Lands and Housing
- (h) Roads Department

Citizen Owned Contractors
 Foreign Owned Contractors

3.2 The Scheme to Assist Citizen Contractors

3.2.1 Performance Bond

To make it easy for citizen owned contractors to start contracts without hindrance the government in 1988 introduced the totally and partially waived performance bond for 100 percent citizen contractors (see section 1.2.1 of this report for more details).

Sixty four percent of the 101 citizen owned contractors interviewed did say that the totally and partially waived performance bond benefits citizen owned contractors because citizen owned contractors have no access to capital which makes it difficult for citizen owned contractors to obtain credit facilities, performance bonds and security guarantees (Appendix B, D 10). Thirty one percent of the contractors interviewed declined to comment on the totally and partially waived performance bond for reasons such as; the contractor had never undertaken a government/parastatal/council contract or simple because of lack of awareness of the assistance scheme (Appendix B, D10). There are some contractors who said that they were not aware of the assistance scheme. Some of the contractors who declined to comment on the totally and partially waived performance bond because of lack of awareness of the assistance scheme said that government/parastatals/councils had never requested them to pay any performance bond.

The one mechanical contractor in grade A who was interviewed was not paying any performance bond for government contracts (although the relaxation of the performance bond does not at the present moment cover mechanical contractors). The performance bond has to be revised to include mechanical contractors since there are now four citizen owned contractors registered with the Central Tender Board.

Five percent of the 101 citizen owned contractors interviewed (Appendix B, D10) did say that the totally and partially waived performance bond did not benefit them for the following reason.

- * Sixty two percent of grade B building construction contractors said that the 2.5 percent of contract sum performance bond requirement was still prohibitive. Thirty three percent of grade C building construction contractors, 66 percent of grade D building construction contractors and 33 percent of grade E building construction contractors did say that the 5 percent performance bond requirement was still prohibitive.

Government departments, councils, parastatals and non-government organisations were generally of the view that the totally and partially waived performance bond benefit citizen contractors and did not favour any further relaxation of the performance bond for grade B to E building contractors (Appendix B, D10). It is felt that grade B to E building construction contractors if correctly graded should have enough assets which they can use as security in order to get the performance bond. Further relaxation of the performance bond for grade B to E building construction contractors would increase the risk on the part of the clients if the contractor for some reason fail to carry out the project.

Performance bonds to secure contracts is a powerful instrument to indicate the reliability of contractors to the clients to secure orderly completion of contract. In contracting the performance bond can range up to 10% of the contract sum. In developing a citizen construction industry the imposition of performance bond presents constraints among citizen owned contractors who have difficulties in raising working capital to support cash flow requirement and therefore tend to suffer severe competitive disadvantage. The performance bond is a guarantee of performance by the contractor and assure the owner of the performance of the contractor in accordance with the contract document.

Reducing the level of or relaxing the performance bond further would place a greater risk on part of the client considering the number of defaulters in the system and the very nature of citizen owned contractors inability to deliver projects on schedule dates. The present levels of the performance bond appear to be adequate to reduce cash flow problems of citizen contractors. Proportional release of the performance bond for works completed at various stages would definitely ease the pressure on the contractors.

Approximately 65 percent of the contractors interviewed were of the opinion that the proportional release of the performance bond for works completed at various stages would be of assistance to citizen owned contractors (Appendix B, D11). The advantage of releasing the bond at various stages of the contract is that the contractors can use the bond in future contracts.

Not all government departments/parastatals/councils proportionally release the performance bond at various stages of the contract. The general fear among clients who do not release the bond at the various stages of the work is that the contractor need to be encouraged to carry out the work properly, and in time and that as finishing work is cumbersome the contractor needs to be encouraged to complete work properly. In normal practice the release of the bond security is supposed to be within thirty days following the date of issuing the certificate of maintenance. However, the Department of Architecture and Building Services use a special condition of contract which allows the Permanent Secretary to use his distrection in releasing the bond at various stages of the contract. The Department of Architecture and Building Service releases the performance bond at various stages of the contracts as follows:

- * On completion of one third of the contract value, a reduction to 75 percent of the initial sureties or bond
- * On completion of two thirds of the contract value, a reduction of 50 percent of the initial sureties or bond.

Notwithstanding the fact that the practice by the Department of Architecture and Building Service in releasing of the bond at various stages of the contract does not pose any difficulties, many government departments, councils and parastatals still express reservations.

3.2.2 Advance Payment

Because many citizen owned contractors experience cash flow problems, a 10 percent advance payment was introduced in 1988 to enable them to meet front project related costs (see section 1.2.2 of this report for more details).

The 10 percent mobilisation advance given to the citizen contractors is a form of providing access to working capital for citizen contractors. In the building and civil engineering contractors mobilisation advance could range from 5percent to 20 percent of the contract sum. Mobilisation advance cannot be regarded as a substitute for working capital. Many clients representatives tend not to favour issuing of mobilisation advance because of the risk it poses to clients when contractors abandon works. This fear is confirmed by some contractors who misuse this facility. The mobilisation advance without any securiy definitely facilitate misuse by some unscrupulous citizen contractors. The cost of the 10 percent mobilisation advance to government is significant in view of investment and interest lost to government in terms of the advance paid to contractors and misuse of the facility during the process of contracting.

Most implementing agencies and some citizen owned contractors interviewed indicated that there were cases of citizen owned contractors who misused the 10 percent advance payment. It is unfortunate that measures introduced by the government to assist citizen owned contractors are abused by some contractors. The misuse of the 10 percent advance payment was said to have put some citizen construction companies into liquidation and some cases are in the attention of police. This should not be a surprise because the main bottleneck of many citizen owned entrepreneurs in Botswana including citizen owned contractors is said to be not capital but lack of managerial skills, knowledge and experience. It was also the view of the some contractors, most implementing agencies and the non-government organisations interviewed that another reason for the misuse of the 10 percent advance was the lack of commitment and the multiple business concerns of some contractors (Appendix B, G1.3). There is also the view that because of the reservation of certain contracts for citizen owned contractors too many small scale citizen owned contractors entered the construction industry some of which have no commitment to the construction industry. The logical way to assist the citizen owned contractors in this case will be to give them the type of assistance which will not only be an assistance per se but an opportunity to develop their business skills.

Of the 101 citizen contractor interviewed 83 percent did say that they were having cash-flow problems due to lack of credit facilities and capital money to meet front project related costs (Appendix B, D1.1, D1.2). Seventy six of the contractors interviewed were finding it extremely difficult to obtain credit facilities from commercial banks and material suppliers mainly due to the reason that most creditors do not have confidence in citizen owned small businesses in general (Appendix B, D1.3 - D2.7). It was also the opinion of most government departments, parastatals, councils and non-government organisations that most citizen contractors lacked access to capital due to the reason that creditors do not have confidence in small citizen owned businesses in general (Appendix B, D1.3 - D2.7).

Contractors agree that the surety required to secure the advance is prohibitive (Appendix B, G1.23). Forty percent of the contractors interviewed had at some stage used the 10 percent advance payment at least once (Appendix B, D3.1). It should be pointed out that in situations whereby all contractors were required to pay surety for the 10 percent advance payment like in the Botswana Housing Corporation some citizen owned contractors are said to have experienced a lot of difficulty in providing surety. Clients representatives also agree that a completely open ended system in granting the advance to contractors is risky as this is open to abuse. There are pros and cons for and against the mobilisation advance. Most contractors in grades which are required to pay surety for the 10 percent advance payment complain that the surety required for the 10 percent advance payment is prohibitive.

Deduction of the advance from contractors interim payments, as observation in construction has shown, can be up to one half of value of work done particularly during the early stages of the contract because of:-

- (i) The retention money deducted by the client.
- (ii) The recoveries of the advance payment.
- (iii) Payment of surety guarantee from the bank (where surety is provided by the contractor)
- (iv) Delays in payment of interim payments for work done to the contractor.

The solution lies in looking at options that may be available and have been used successfully elsewhere. The solution attempts to remove fears of the contract administrator whilst at the same time providing a realistic access to capital for the contractors.

The International Labour Organisation (ILO) in their study "Guidelines for the development of Small Scale Construction enterprises (Geneva) provide the following solution to the problem (23).

Mobilisation advance should be made payable to a commercial bank nominated by the contractor in his tender (The government mobilisation advance would be protected as far as possible by being paid directly to the bank). In turn the bankers might then be more prepared to extend loan facilities to the contractor knowing that:-

- (i) Government would effectively be providing part of the contractor's working capital requirement and
- (ii) all interim payment would also be made directly to the bank.

What does this mean in the context of Botswana.

- (i) The mobilisation advance is paid directly to a bank nominated by the contractor in his tender.
- (ii) The contractor shows evidence of successfully negotiated credit facility in fact or in principle from a commercial bank (may be Tswelelo)
- (iii) The bank retaining 10% of each interim certificate to back up the guarantee provided.
- (iv) Government pays all interim payment (subject to the contract agreement) to the contractors bank.

In this situation the bank is not a third party to the contract their relation with the contractor will be purely business. This solution eliminates surety required to secure the advance and government is free to recover the loans under the contract agreement. This arrangement has cost implications to both the contractor and the bank. At the present moment most contractors find the interest charged by Tswelelo to be too high and most do not use the services currently offered by Tswelelo, and if the Tswelelo charge the same interest the contractors will not use Tswelelo.

For the purpose of securing the loan from the bankers the clients representatives or the IFS Construction Estate should help contractors prepare cash flow projection of the project for presentation to the commercial bank.

Another suggestion was made by 65 percent of the contractors interviewed that to avoid the misuse of the 10 percent advance payment the payment should be made directly to the material suppliers by the clients (Appendix B, D5). Some of the contractors nevertheless expressed the concern that they also needed the money for wages as well as other items like petrol and diesel. The contractors also complained that many material suppliers gave a 10 percent discount for cash payment for materials and a letter of guarantee or a government purchase order from the government would be treated as non cash payment. Direct payment for materials by the client was also favoured by most government/parastatals except for some district councils who were concerned that direct payment to the suppliers by the client was going to bring numerous administrative problems and possibly legal problems. The district councils were of the opinion that the 10 percent advance payment should continue as cash

payment but should be paid when the contractor has carried out some mobilisation on site. In other words the commitment of the contractor on site and its previous reputation should be assessed before the 10 percent advance payment can be paid. One department said that from experience an arrangement whereby the contractor asks the supplier to deliver the materials to site and both the supplier and the contractor come together to collect the cheque from the client in the name of the contractor worked better. It should be pointed out however, that at the beginning of 1995 Boipelego Education Project did purchase materials for the citizen owned contractors and give the advance payment in the form of materials. Buying materials for the contractor has the risk on the part of the client in that in the event that something goes wrong with the materials say the materials are damaged or stolen the contractor might have a right to complain to the client depending on the circumstances are the case. It is in the best interest of the client to avoid a situation whereby the contractors might put any blame on the client, when something goes wrong with the materials. It is clear from the above therefore, that the misuse of the 10 percent advance payment by some citizen owned contractors made the implementation of this element of the assistance scheme very difficult.

An option for the contractors to arrange for the materials to be on site and for the client to pay the 10 percent advance if the materials on site can be considered. In this case the government would be making it easier for the contractors to start work without getting involved with the materials suppliers. The materials must however, be in accordance with the specification for the permanent work, and the materials should be properly stored and protected against loss, damage and deterioration. The 10 percent advance payment should not be used to deny a contractor the normal materials on site payment in contracts for which the conditions include materials on site payment.

Contractors who wish to pay the surety the 10 percent advance payment should be allowed to do so. In order to assist the contractors who can not afford the surety for the 10 percent advance payment the following options should be considered.

1. The contractor to arrangement for materials to be on site and for the client to pay the 10 percent if the materials for permanent works are on site and the value of the materials on site should not be less than the value of the 10 percent advance payment.
2. The 10 percent advance should be made payable to a commercial bank nominated by the contractor in his tender (The government mobilisation advance would be protected as far as possible by being paid directly to the bank). In turn the bankers might then be more prepared to extend loan facilities to the contractor.

The road contractor who had used the 10 percent plant/equipment advance said that the assistance helped their company acquire more plant/equipment and the one road contractor was in grade A in 1985 and is now in grade C (Appendix D). The plant/equipment serve as security for the plant/equipment advance payment and the risk involved in giving the advance to the contractor is minimum. More road contractors should be encouraged to use the plant/equipment advance payment.

3.2.3 Technical Support and Training Assistance

This element of the assistance scheme was never implemented. However, it came out during the study that this element of the assistance scheme is not favoured by many because employing a consultant to help a contractor prepare properly priced bills of quantities on three different tenders was not an efficient method of teaching contractors and providing citizen owned contractors with tendering skills. It is also the view of some people that in open tenders the cost of the subsidy will be too high.

The technical support and training assistance is not an efficient method of teaching citizen owned contractors in order to equip them with tendering and estimating skills. The educational and competence levels of citizen owned contractors is very much varied and to ensure that the consultant adequately gave the right effort to train the contractor would be impossible. The consultants' view therefore, is that this element of the assistance scheme should be discontinued.

3.2.4 Training

(i) Direct Training

Thirty nine percent of the contractors interviewed had attended the Integrated Field Services Construction Estate training programme (Appendix B, F1.2). All the 39 contractors were of the opinion that the training workshops were very short and the training programme gave more emphasis to tendering and estimating leaving very little time for site management. However, even though the contractors said that the training workshops were short increasing the time can result in poor attendance because most citizen owned contractors are owner managed and these contractors can not afford to be away from site for too long. In fact the owners for small citizen owned contractors are the site supervisors.

On the examination of the training material for the training conducted by the IFS Construction Estate it came out that the construction management training is made up of the following three modules.

Estimating and Tendering Subject Addressed are:-

- (i) Reading of Contract Drawings and Documents
- (ii) Extracting Quantities from Drawings
- (iii) Costing and pricing of Quantities from Drawings
- (iv) Pricing the Bills of Quantities
- (v) Why Estimate and Principles of Estimating
- (vi) Tendering Procedures
- (vii) Supervision of Project under Construction
- (viii) Contract Procedures

Project Planning and Management

- (i) Management Functions of the Contractor
- (ii) Site Productivity and Supervision
- (iii) What is Planning
- (iv) Why Plan in Construction
- (v) Project Programming using Bar Chart
- (vi) Short Term Programmes
- (vii) Material Schedules and labour
- (viii) Recording progress of Work
- (ix) Putting the plan into Action
- (x) When the work does not go as Planned

- (xi) Cash flow Projection and Analysis

Site Productivity

- (i) Management Functions of the Contractor
- (ii) What is Productivity in Construction
- (iii) Why improve the Productivity
- (iv) Improving Work Method
- (v) Site Layout
- (vi) Site Activity Level
- (vii) Supervision
- (viii) Methods of Payment for High Productivity

It is necessary for contractors to attend these modules in its sequence since two modules can not be combined in a five days workshop. A trainee has to attend estimating and tendering before the planning and management course. Training sessions include, lectures, group work discussions, simulations, exercises and the playing of a video on laying bricks for profit. The workshops are backed by monitoring visits to sites of citizen owned contractors to give advice. Besides the IFS Construction Estate undertake consultancy and advisory services for small to medium scale contractors as part of the training programme.

The Integrated Field Services Construction Estate train building contractors, electrical contractors and other people in the building trade such as concrete products manufacturers, technicians from the Department of Architecture and Building Service depots and district councils and Brigades. Fig 3.2.4 shows the number of participants who attended the Integrated Field Services Construction Estate training workshops from 1989 to 1994. On the average 260 trainees are trained a year and the coverage of the programme is constrained by inadequate staff and funds. During the financial year 1989/1990, five workshops had to be cancelled due lack of funds but since then the situation improved and the number of trainees attending the workshops has increased four times more than in 1989/1990. The attendance up to date in the construction management workshops, consultancies and advisory services appear to be a true reflection of demand on the citizen contractors. The number of participants was low during the 1989 - 90 period just after the introduction of the scheme to assist citizen owned contractors. Then attendance went up steeply indicating the aftermath of the boom period and the rise of indigenous construction companies. This phenomenon was followed by a gradual reduction in attendance indicating the recession in construction activity and a resultant disinterestedness in the construction management workshops conducted by the IFS Construction Estate. Contractors did not see the need to attend these workshops when it became apparent that they cannot maintain continuous workload in which to practice their learning skills. The number of participants continue falling up to date.

Twenty five percent of the 39 contractors who attended the IFS Construction Estate training have been able to upgrade their grades in the Central Tender Board (Appendix D). Although there is no information on how many contractors upgraded their grades with the Ministry of Local Government Lands and Housing, some contractors who attended the Integrated Field Services training programme upgraded their grades with the Ministry of Local Government Lands and Housing. Nineteen percent of the 101 citizen contractors had used the Integrated Field Service Construction Estate advisory and consultancy service. Approximately 26 percent of the contractor who had used the Integrated Field Service Construction Estate advisory and consultancy service had been able to upgrade their grades with the construction industry (Appendix D).

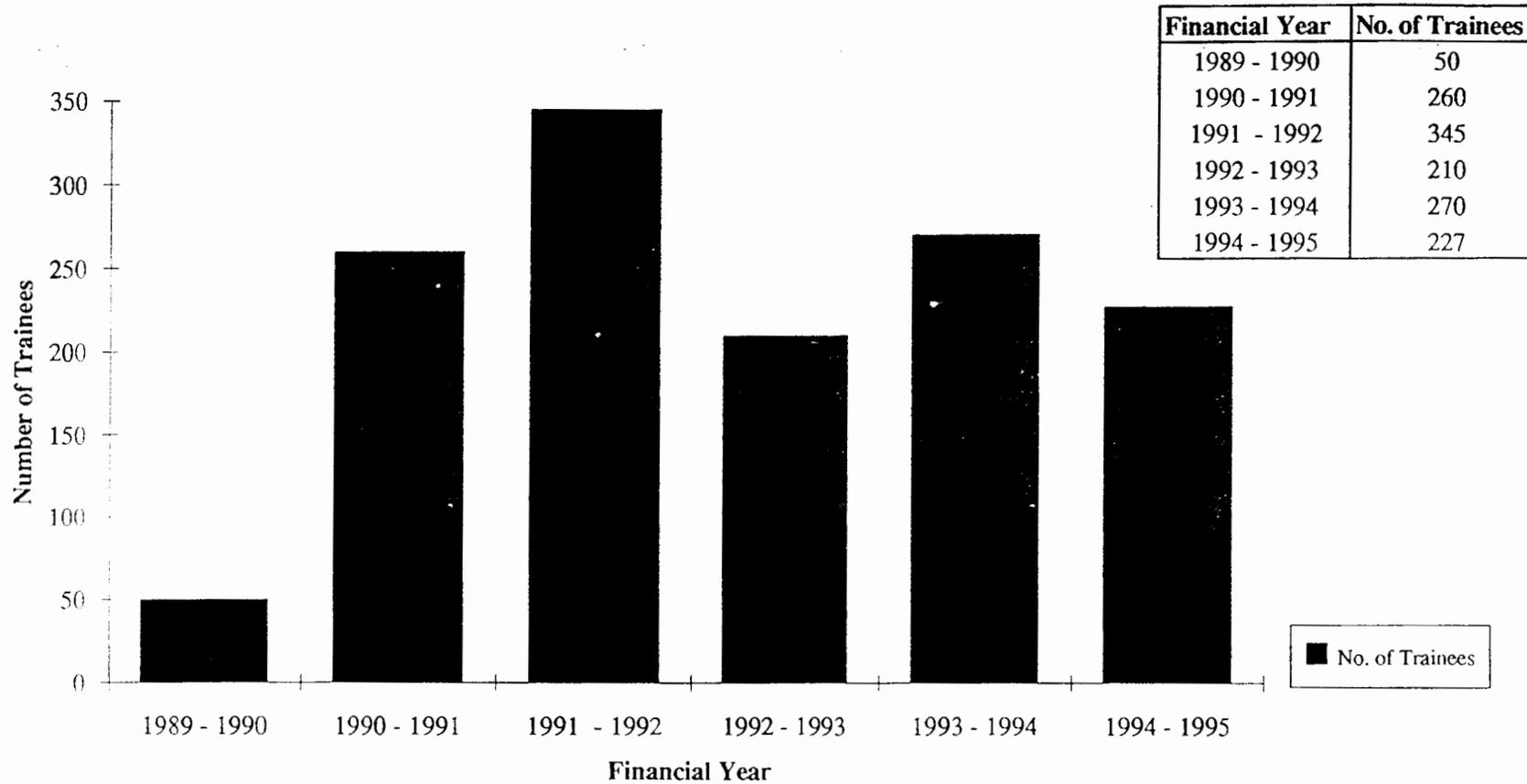
It is also stated that private institutions like the Institute of Development Management (IDM) were from time to time supposed to offer upgrading courses for a small fee to improve levels of performance of the citizen owned contractors. Of the 101 citizen owned contractors none had used the training by IDM.

The Integrated Field Services Construction Estate has in total sixteen staff member out of which there are two graduate engineers and one professional. The staff requirements of the Integrated Field Services Construction Estate need to be addressed to alleviate the staff shortage problems. The possibility of the Roads Department hosting training workshops for road contractors through the Roads Training Centre co-ordinated by the Integrated Field Services Construction Estate should be explored.

ii. Joint Venture for Transfer of Technology

The training of small citizen contractors through joint venture projects between high grades and low grades citizen contractors was tried in 1991 and found to be not so unsuccessful. Joint venture projects two in Gaborone and one in Francistown were tried in some Police Housing Projects. It came out during the study that small citizen contractors do not favour working with high grades (both citizen and foreign) contractors because of fear of sabotage (Appendix B, E5.1). Strictly speaking there can not be joint venture between contractors of significantly different grades instead what was referred to as a joint venture was sub-contracting. It is however, felt that joint-venture projects should be tried between citizen contractors of the same grade more specially contractors in grades C to E. Joint venture between foreign firms and citizen firms of the same grade can mark a transfer of technology to citizen owned firms (section 3.2.7 of this report).

Figure 3.2.4: Number of Participants of the Integrated Field Services Construction Estate (1989 - 1995)



iii. Special Training Designated Projects

This element of the assistance scheme was never implemented mainly due to shortage of professional staff. Both the Department of Architecture and Building Service and the Integrated Field Services are complaining of shortage of staff.

Approximately over 80 percent of building construction projects are in grade E (Table 3.2.4 iii below) out of which over 90 percent are carried out by foreign owned contractors (section 3.2.7 Table 3.2.7.2). A significant participation of citizen owned contractors in grade E will result in great savings in foreign currency. To cut down on grade E contracts the Central Tender Board ceilings should be reviewed and increased accordingly. It should be pointed out that many building projects are single storey buildings which are not too complex for the citizen owned contractors to undertake, therefore, it is more a question of ensuring that the projects are awarded to citizen owned firms where possible. The special designated projects could also be identified for the citizen owned firms who have the manpower and equipment to undertake complex building projects to be trained to enable them to tender for complex projects.

Table 3.2.4 iii. Percentage distribution by grade of central government building construction and electrical contracts awarded (1991-1994)

Contracts	Central Tender Board Grades		
	OC + A + B + C	D	E
Building	8	6	86
Electrical	9	11	80

3.2.5 The 2.5 Percent Price Preference

All the government departments, parastatals and councils were not able to provide the information requested for in order to make an analysis on the 2.5 percent preference. Citizen owned contractors have since the introduction of the 2.5 percent price preference scheme been complaining that the 2.5 percent price preference was too low and should be increased to at least 10 percent.

At the present time, inadequate data and information renders support to the idea by some members of the Reference Group that a need exists to undertake an indepth separate study on the 2.5 Price Preference. However in the absence of data on the 2.5 percent price preference the following observations have been made;

The price preference gives a tender bias to citizen owned contractors over the foreign counterpart during tender evaluation. It presupposes that the citizen contractors tender price may be 2.5% above the tender price of the foreign contractor. In essence therefore, the percentage bias is a kind of premium above the lowest tender which premium is paid by government, since the tender price submitted by citizen is the contract price on which the contract is awarded. This means the cost of projects goes up any time a citizen owned contractor wins a contract on the basis of price preference. This defeats the essence of the open tender system where competition and economic choice are some of the criteria for contracting. This is probably not in the interest of the construction industry.

To foster a spirit of competition among tenderers and in particular among citizen contractors, one of 2 alternative solution are assessed and these are:-

The price preference be phased out and replaced by some forms of reservation for grades C - E.

That the 2.5% be applied to a tenders submitted by citizen owned contractors, but the citizen contractor is awarded the contract on condition that he lowers his price to the 2nd lowest tender's. (This will relieve client from paying the 2.5% as a premium over and above the second lowest tender. If the second is accepted then increasing the 2.5% to 10% will not pose any problem if the percentage is geared to a slading scare to reflect grades in C - E. The slading scale should be as follows 10% - C, 5% - D and 2.5% - E. Both 1 & 2 will ensure competition not only among citizen contractors, joint venture companies but also among foreign owned contracting companies.

In practice the price preference is only effective when there is a significant competition among foreign owned contractors and measures have to be taken to counter downwards plundering of tenders by foreign constructing companies by pre qualification to protect client.

3.2.6 The Botswana Housing Corporation Citizen Contractors Support Programme

Of the 101 citizen owned contractors interviewed 74 percent preferred the present Botswana Housing Corporation scheme instead of the subcontracting of work by big contractors to nominated small contractors(Appendix B, E5.1). As an alternative or as a substitute to the Botswana Housing Corporation programme the formation of a consortia among small citizen owned contractors was not favoured by citizen owned contractors. Forty five percent of the contractors against 48 percent did say however, that if the BHC citizen owned contractors support programme was to be discontinued the formation of consortia among citizen owned contractors could be considered and 9 percent were not able to comment (AppendixB, E5.2). However, it should be pointed out that citizen owned contractors prefer the present fragmentation of projects to allow individual small contractors to participate in BHC building projects.

From the point of view of contractors the present Botswana Housing Corporation citizen contractors programme is practical in that it made it possible for many small contractors to build up a track record to be able to upgrade their grades with the Central Tender Board and the Ministry of Local Government Lands and Housing. This is supported by the fact that forty percent of the building construction contractors who favoured the Botswana Housing Corporation programme upgraded their grades with the Central Tender Board (see Appendix D) since the programme was introduced. Of the three non-government organisations, two were also of the view that the BHC citizen owned contractors support programme benefits citizen owned contractors (AppendixB, E4).

According to the BHC officers interviewed, the BHC reserves the contracts for citizen owned contractors to try and ensure project continuity for citizen owned contractors. The BHC citizen owned contractors support programme has now been extended from Gaborone to Francistown and Selebi Phikwe.

It should be pointed out that the Integrated Field Services Construction Estate had a significant contribution in the BHC citizen owned contractors support programme in that most contractors who participated in the BHC citizen owned contractors support programme had the advantage of having attended the IFS Construction Estate training programme many of which also used the advisory/consultancy services.

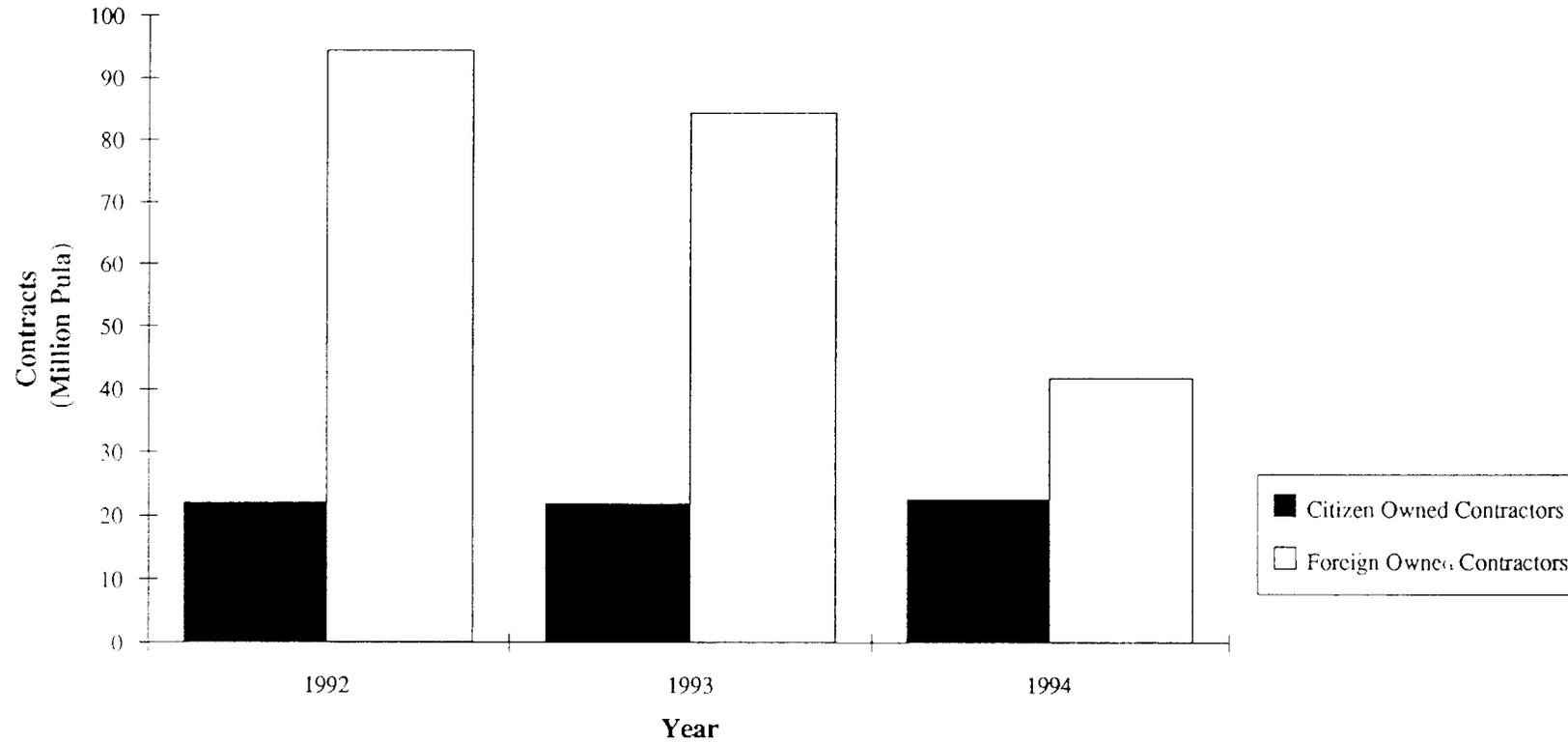
Work to the tune of P120 million is said to have been awarded to citizen owned contractors since the introduction of the assistance scheme and the government has paid the BHC P8,000,000 and P3,800,000 is pending for the 10 percent grant which the central government has to pay the BHC for making special conditions to include citizen owned contractors in the BHC building construction projects. Because of the special condition, like the fragmentation of big projects to include the participation of small citizen owned contractor, the projects become more expensive due to the reduction in economies of scale. Since the percent of work awarded to small scale contractors is small approximately 15 percent, the 10 percent grant can be discontinued and the BHC would support citizen owned contractors in the same way that government departments and councils support citizen owned contractors. In this case only grades OC to C contractors would be considered for the fragmentation of the big projects for citizen owned contractors. Grades D and E citizen owned contractors would only be allowed to participate outside the BHC support programme.

Fig 3.2.6 shows the amount of building construction contracts which the Botswana Housing Corporation (BHC) awarded to citizen owned contractors and foreign owned contractors from 1992 to 1994. What can be said about Fig3.2.6 is that work awarded to citizen owned contractors by the BHC remained more or less constant from 1992 to 1994 even when the BHC building construction contracts declined from 1992 to 1994. The BHC citizen owned contractors programme has been alluded as significantly successful by both the government officials and contractors alike. It is however, very interesting to note that the citizen contractors share of the market in Pula terms is approximately constant at P22 million whilst the foreign owned companies accounted for P94 million (1992), P84 million (1993), and approximately P42 million for 1994. In the light of the fact that BHC projects are largely low-cost, medium cost, and high cost simple single storey buildings, with a few exceptions high rise flats one would have expected that the citizen contractors share of the construction market would have shown a significant rise in scale. The high rise flats in Gaborone West Phase 4, Gaborone West Block 5, Marua Pula and Extension 15 were constructed before 1992 and the foreign owned contractors share of the BHC building construction contracts from 1992 to 1994 comprised only the simple single storey buildings which the citizen owned contractors are capable of carrying out. An example which easily come to everybody's mind is the Low Cost Housing Project in Gaborone West Phase II which was awarded to a foreign owned contractor. The BHC is reimbursed with a grant of 10 percent of contract sum to meet additional cost involved in fragmenting large contracts and promoting participation by citizen contractors in their development programme. The 10 percent grant presupposes that every contract price goes up by 10 percent when a contract is awarded to a 100 percent citizen contractor because it seems that the BHC charges the government 10 percent for all work awarded citizen owned contractors including work awarded to the big citizen owned firms. Government paying 10 percent grant to BHC for works awarded to large citizen contractors is a violation of the scheme because the government is supposed to pay for the additional costs due to the fragmentation of projects to include small and medium scale citizen owned contractors. It is pertinent to note that other parastatals and departments are not re-imbursed by government for promoting the reservation policy. First, the share of the citizen contractors in the BHC programme had remain constant despite the infusion of the 10 percent grant from government. In the absence of any grant the BHC would have done business with citizen owned contractors and it would appear the 10 percent grant to BHC has not achieved the expected objectives for which the grant has been provided by government.

Figure 3.2.6: The BHC building contracts awarded (1991 - 1994)

Table 3.2.6

Year	Citizen Owned Contractors	Foreign Owned Contractors
1992	P22m (18.9%)	P94.4m (81.1%)
1993	P21.8m (20.5%)	P84.3m (79.5%)
1994	P22.5m (35.1%)	P41.6m (64.9%)



3.2.7 Reservation Policy

To encourage the increased participation of citizen owned contractors in the construction industry the government in 1985 reserved certain construction activities for 100 percent citizen owned contractors. Refer to section 1.2.7 of this report for more details on the Reservation Policy. The policy was introduced to create a more enabling environment for the citizen construction industry sector to grow and to reduce citizen owned contractors constraints in the construction industry.

Reservation of certain Central Tender Board grades for citizen owned contractors

The Central Tender Board was to register only 100 percent citizen owned contractors in grades OC to B of the building construction category. Building construction contractors which are not 100 percent citizen owned were in 1985 given a grace period of two years to upgrade to higher grades as follows:

- * Joint Venture firms were to upgrade to Grades C, D and E only.
- * Expatriate firms were to upgrade to Grade E .

Table 3.2.7.1 gives the numbers of citizen owned, foreign owned and joint venture building construction contractors registered with the Central Tender Board refer to the 1991 Centra Tender Board registration file(13). It should be mentioned however, that during the field survey it was found that some contractors registered by the Central Tender Board as citizen owned contractors were found to be either foreign owned contractors or joint venture contractors (refer to section 2.3 of this report for more detail).

It is clear from Table 3.2.7.1 that the reservation of the Central Tender Board building construction grades to B for citizen owned contractors was successfully implemented. The new registration and the upgrading by joint venture building construction contractors to grades C, D and E was also successfully implemented. The reservation of the building construction grades C and D of the Central Tender Board for citizen owned contractors and joint venture contractors has not yet been completely carried out as there are still foreign owned contractors in grades C and D. There are 5 foreign owned contractors in each of grades C and D still having not upgraded to grade E eight years past the two years grace period which was given to the foreign owned contractors at the introduction of the policy.

The Central Tender Board was also required by the Reservation Policy to reserve registration in all grades of fencing -building for citizen owned contractors, and this was successfully implemented because all contractors currently registered with the Central Tender Board for fencing-building are citizen owned.

Table 3.2.7.1 The number of building construction contractors registered with the Central Tender Board in each grade (1991)

CTB Grade	Citizen Owned Contractors	Joint Venture Contractors	Foreign Owned Contractors
OC	9	-	-
A	32	-	-
B	17	-	-
C	11	2	5
D	4	2	5
E	4	-	21
Totals:	77	4	31

The Ministry of Local Government and Housing registration

The Ministry of Local Government Lands and Housing recently started maintaining a register of building construction contractors in Botswana in 1992. The Ministry registers foreign owned contractors in reserved for citizen owned contractors (refer to Table 1.3.3 and Table 3.2.7.1). The reason given for by the Ministry of Local Government Lands and Housing for not complying with the Presidential Directive 19/85 on the reservation policy is that in some remote areas the small citizen owned contractors have difficulty operating and foreign owned are instead used. When the Reservation Policy was introduced the limitations of small citizen owned contractors in undertaking some projects was considered and a provision made for the reservation to be waived in such cases to include higher grades citizen owned contractors. The reason given by the Ministry of Local Government Lands and Housing for registering small foreign owned building construction contractors is not valid and the Ministry of Local Government Lands and Housing should comply with the policy and a two years grace period should be given for the foreign owned contractors to upgrade to higher grades. The registration of small foreign owned construction companies contravenes Presidential Directive - CAB 19/85. It will be necessary therefore for the Ministry of Local Government, Lands and Housing to comply with the directives and should give a grace period of 2 years for those foreign owned contractors to upgrade to higher grades as stipulated under the Directive.

Citizen Contractors share of Building Construction contracts(1991 to 1994)

Only the Department of Architecture and Building Service was able to provide the information requested for in order to make an analysis of what effect the reservation policy has made on the citizen owned contractors share of the building construction contracts. Table 3.2.7.2 shows that all building construction contracts in grades OC to B that were awarded to citizen owned contractors from 1991 to 1994 by the Department of Architecture and Building Service (the pula amounts in pula are given Appendix E). Grades C building construction contracts are to be tendered for by citizen owned and joint venture contractors only and Table 3.2.7.2 shows that the Department of Architecture and Building Service awarded 69 percent of grade C contracts to citizen owned contractors. Similarly grade D contracts are to be tendered for by citizen owned contractors and joint venture contractors and Table 3.2.7.2 shows that 85 percent of the building construction contracts were awarded to citizen owned contractors. The Building construction contracts in grades C and D which were not undertaken by citizen owned contractors were awarded to both joint venture and foreign owned contractors. There are 11 citizen owned, 2 joint venture and 5 foreign owned contractors in grade C. In grade D there are 4 citizen owned, 2 joint venture and 5 foreign owned contractors. The fact that there are still some foreign owned building construction contractors registered in grade C and D explain why some building construction contracts are still awarded to foreign contractors eight years past the two years grace period given to foreign contractors to upgrade to grade E.

TABLE 3.2.7.2 Citizen owned contractors share of the Department of Architecture and Building Service building construction contracts (1991-1994).

CTB	Citizen Owned	Joint Venture and foreign owned contractor
OC	100%	0%
A	100%	0%
B	100%	0%
C	69%	31%
D	85%	15%
E	7%	93%

Two things are evident from the classification and registration of Central Tender Board list of contractors.

- (i) The financial ceilings for the various categories reflect the range of contract values in which contractors do operate.
- (ii) It also reflect the capabilities of contractors in terms of resources and the volume of work they can undertake at a point in time.

It is clear from Table 3.2.7.1 that 19 citizen owned contractors are registered in categories C - E and they could be classified as medium and large scale citizen contractors. Their participation in these scales gives testimony to their building capacity to execute contracts ranging from P2m to P4 m. Fifty eight citizen owned contractors are registered in categories OC - B. Although the barriers toward the advancement of this group of citizen contractors remain formidable they have been breached up especially in the building construction industry by the significant numbers of active and determined citizen contractors. The credit due to them may be disputed by many on account of the contract failures but considering that the citizen contractors having started almost from scratch, there is a pool of citizen owned contractors from which government relies for bids ranging from minor works to medium size building projects. The progress also can be viewed in the light of their fairly recent penetration into the construction market bearing in mind the various assistance government has provided since the inception of the assistance scheme in 1988.

Table 3.2.7.1 shows that there are 21 foreign owned construction companies in grade E as against 4 citizen contractors and 4 joint venture citizen/foreign contractors. It is evident in Figure 3.1.1 (Building contracts awarded from 1991 - 94) when compared with Table 3.2.7.2 that the large foreign contractors accounted for the execution of large proportion of the contracts measured in terms of value rather than by numbers of contracts. However, because the large foreign owned construction companies are highly capital intensive their share of employment will be smaller relative to their output. The small to medium scale citizen contractors remain the generators of employment on account of the labour intensive method used in construction. They are also users of local materials. There is one or a combination of options that may be considered to improve the share of citizen owned contractors in the construction industry and these are;

- (i) Strengthening of the reservation policy will ensure adequate market for the citizen contractors.
- (ii) The upgrading of the Price Preference in favour of citizen owned contractors (refer to section 3.2.5).
- (iii) Some form of directive which will require foreign owned firms to enter into some relationship with citizen owned contractors with whom to form joint-venture in construction. For example a look at what prevails in developed countries and other developing countries in an effort to see how their experience can be useful to the Botswana situation. It will also foster the creation of employment and the promotion of local building material industry. In the United States "the federal law requires contractors on federally funded highway projects to make affirmative, good effort to find minority contractors with whom to form joint ventures in performing such services". Also in several Latin American countries and the middle eastern countries (and in some respect Canada) foreign engineering construction companies are required to enter in an association/with one or more local firms to maximise utilisation of local talent to provide an incentive in order to decrease the country's dependence on foreign expertise in future".

The slow pace of growth of the medium scale citizen contractors has been blamed primarily on lack of higher management and technical expertise among the citizen contractors. There is a need to foster higher contract management skills among the citizen medium scale contractors and this can be fostered through more joint ventures between citizen contractors and foreign owned contractors.

From Table 3.2.7.2 it is evident that the reservation policy has been followed in DABS building construction contracts. The level of citizen contractors participation in the building programme has been encouraging. However when Table 3.2.7.2 is correlated with Table 1.3.2 it becomes evident that the share of the construction market for the citizen contractors assumed an insignificant proportion in terms of value of contracts executed in comparison to contracts awarded to foreign owned contracting companies. Table 3.2.7.3 gives the same impression as in Table 3.2.7.2. The government being the dominant partner in the construction industry in the country could influence the composition of construction output in the country and this can be done by raising the financial ceilings of the various categories to enable citizen contractors bid for higher jobs. The reservation policy can also be strengthened for all grades. It must be noted here that majority of the contracts consist off single storey buildings which do not require any, sophisticated technology. Without any continuous policy support from government, it would be difficult to build on any indigenous construction industry. A further correlation of Table 3.2.7.2., 1.3.2 and Table 3.1.1. indicate that foreign construction companies account for a large proportion of the construction market to the detriment of the citizen contractors. It would appear therefore, that all the agents of government in the construction sector are very passive with implementing the reservation policy and the reasons mainly appear to have stemmed from lack of adequate technical and professional staff in almost all the agencies.

Fig 3.2.7.1 and Fig 3.2.7.2 show the citizen owned building construction contractors share of district councils and town councils building construction contracts from 1991 to 1994 respectively. Fig 3.2.7.1 is based on information given by the Central District Council, North West District Council (Kasane), Southern District Council and the Gantsi District Council (included in Appendix E). Fig 3.2.7.2 is based on information supplied by the Francistown Town Council and the Selebi Phikwe Town Council (included in Appendix E). Fig 3.2.7.1 show that the citizen owned contractors' share of building construction contracts in district councils varied between 67 percent and 92 percent during the period between 1991 and 1994. The town councils citizen owned contractors share of building construction contracts varied from between 38 percent and 44 percent for the period between 1991 and 1994. It is generally known that most of the time district councils contracts are small therefore, the high construction market share for citizen owned contractors in district councils building construction contracts shows that through the reservation policy citizen owned have been able to dominate foreign owned in district councils projects.

Figure 3.2.7.2 paints a grave picture for the citizen owned contractor in town councils. The foreign owned construction companies share of the construction market in terms of value of contracts far outstrip the citizen contractor's share of the market in the two town councils ie Selibe Pikwe Town Council and Francistown Town Council. This is not logical because most projects in the town councils and district areas, in terms of technological requirement are minor building works like schools, clinics, houses. It would appear therefore, that contrary to the Presidential Directives 19/85 on Reservation small contracts are being packaged into a large contracts by some implementing agencies and therefore, cuts the participation of the citizen owned contractors. Joint venture activities in construction is also lacking in the town council areas. In order to correct this disparity the reservation policy should be enforced in all town council areas, except for projects which are deemed to be beyond the capability of citizen owned contractors.

Figure 3.2.7.1: District Councils building contracts awarded (1991-1994)

(See Appendix E for details)

Year	Citizen Owned Contractors	Foreign Owned Contractors
1991	P6.45m (84%)	P1.26m (16%)
1992	P9.23m (67%)	P4.59m (33%)
1993	P8.1m (52%)	P7.56m (48%)
1994	P18.43m (80%)	P4.56m (20%)

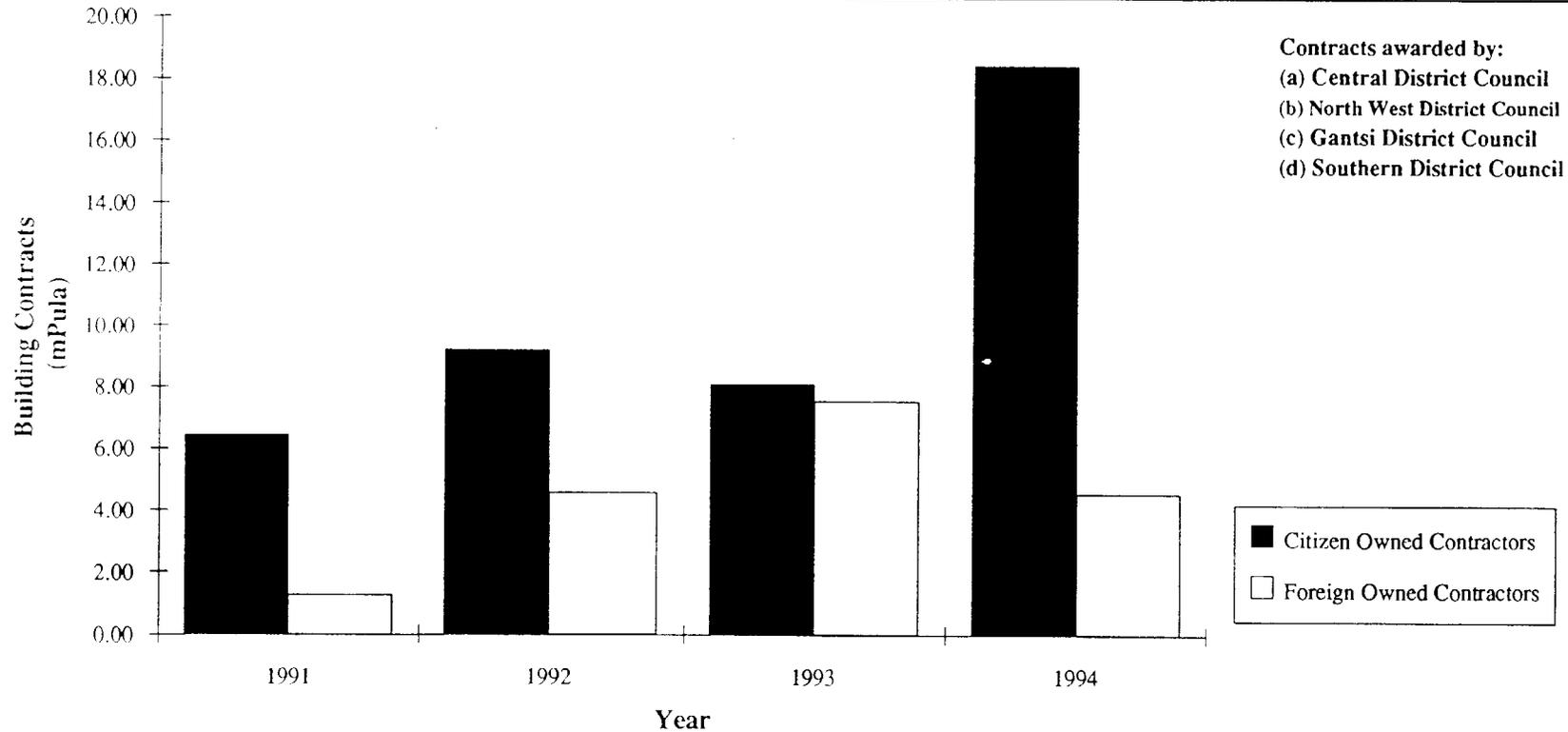
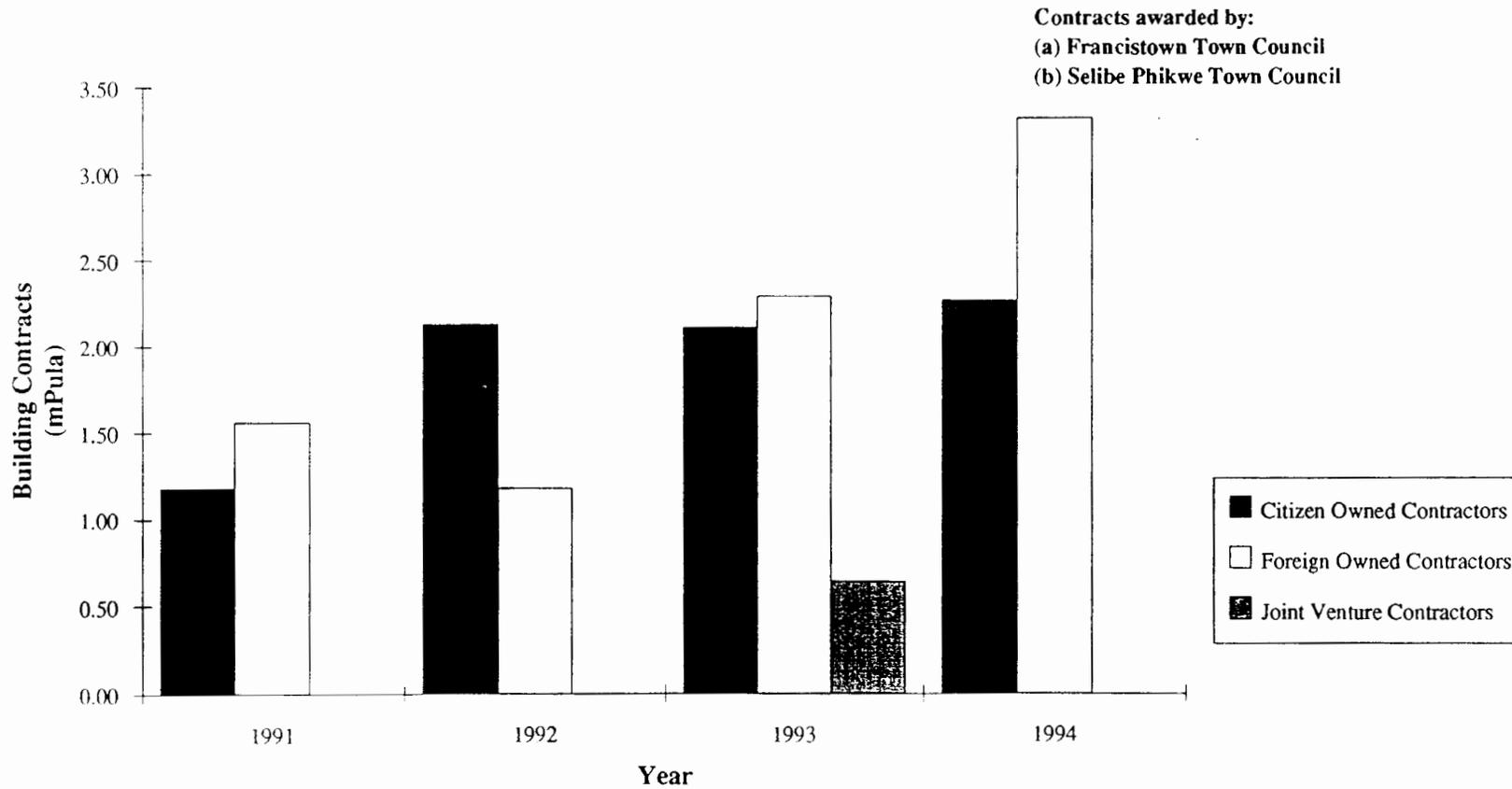


Figure 3.2.7.2: Town Councils building contracts awarded (1991-1994)

Year	Citizen Owned Contractors	Foreign Owned Contractors	Joint Venture Contractors
1991	P1.18m (43%)	P1.56m (57%)	0.00
1992	P2.13m (64%)	P1.18m (36%)	0.00
1993	P2.11m (42%)	P2.29m (45%)	P0.64m (13%)
1994	P2.27m (41%)	P3.32m (59%)	0.00



The following aspects of road construction are reserved for citizen owned firms. It was not possible to get the maintenance contracts broken into each of the road maintenance activities given below. However, the information supplied by the Roads Department on maintenance contracts awarded from 1991 to 1994 show that over 90 percent of the roads maintenance contracts were awarded to the citizen owned firms. From 1991 to 1994 road maintenance contracts awarded by the Roads Department totalled approximately P99,476,788 for citizen owned contractors and P87,620 for foreign owned contractors.

- * maintenance of roads
- * culvert construction
- * bridge painting
- * fencing
- * stock piling of materials
- * carting gravel and chipping
- * reserve and drainage
- * clearing and scrubbing bush
- * road marking

There is no OC grade in road and civil engineering contracts. Like all other contracts there is the need for the establishment of OC grade for small scale road construction. This will reflect the spirit of the reservation policy.

On the other hand there are small projects which involve low level of technology in civil engineering and road construction and this can provide the market for small scale citizen road contractors.

Although some elements of the Reservation Policy for which information for the study was available were not fully implemented citizen owned contractors benefited from the policy because the citizen owned contractors had a bigger share of the construction activities reserved for them.

It is the view of most government departments, councils, parastatals and non government organisations that there should be more government/parastatal contracts reserved for citizen owned contractors (Appendix B, G1.1). Eighty percent of the citizen owned contractors interviewed were of the view that more government/parastatal contracts should be reserved for citizen owned contractors (Appendix B, G1.1). Table 3.1.4 (iii) in section 3.1.4 of this report show that over eighty percent of the building construction contracts are in grade E.

The consultant's opinion therefore, is that since the information which was available on the Reservation Policy indicate that the policy might have substantially benefited the citizen owned contractors and the generally view by most people interviewed was to reserve more government/council/parastatal contracts for citizen owned contractors the policy could be strengthened. It is recommended that the reservation policy should be strengthened by introducing a partial application of this policy into some grades where possible to assist citizen owned contractors. The partial reservation would be implemented through selective tendering where there is enough competition among citizen owned firms and through subcontracting where there is not enough competition among citizen owned firms.

For the partial reservation of some contracts for citizen owned contractors to be possible there would be need to co-ordinate and monitor the implementation of the policy. A Committee could be appointed to co-ordinate and monitor the implementation of the existing reservation policy and the partial reservation of some other grades which are not covered by the current policy. The Committee would mainly comprise members from the implementing departments/parastatals, the Department of Industrial Affairs and a representative from each of the contractors

Industrial Affairs as the department is responsible for policies on the development of businesses in Botswana. Sub-committees to look at the different construction areas could also be formed to assist the main committee.

Other Observations

Table 3.2.7.3 below show the distribution by grade of electrical contracts in the Department of Electrical and Mechanical Services (see Appendix E for the amounts in pula). Electrical contracts in grades OC to B are carried out mainly by citizen owned contractors and it could be possible that grades OC to B electrical contracts can be reserved for citizen owned contractors. Reference should be made to section 3.1 of this report because Table 3.2.7.3 is discussed in some more detail in section 3.1

TABLE 3.2.7.3 Citizen owned contractors share of the Department of Electrical and Mechanical Services electrical contracts (1991-1994)

CTB	Citizen Owned	Joint Venture and foreign owned contractor
OC	100%	0%
A	87%	13%
B	72%	28%
C	0%	100%
D	0%	100%
E	24%	76%

3.3 Registration and Classification of Contractors

Of the 101 citizen owned contractors interviewed 67 percent are registered with the Central Tender Board and 59 percent are registered with the Ministry of Local Government Lands and Housing. As mentioned earlier in section 1.3 of this report the Ministry of Local Government Lands and Housing currently register contractors in building construction only.

Seventy percent of the contractors interviewed preferred one registration body in Botswana (Appendix B, C3). The disparity in the classification of some contractors between the Central Tender Board and the Ministry of Local Government Lands and Housing registration and classification has raised some concern. This calls for a stronger liason between the two bodies in registering and classifying contractors. Some contractors find the registration to be unnecessary work created for them since there is the Central Tender Board to register with. The contractors registration systems between the Ministry of Local Government Lands and Housing and the Central Tender Board should use the same classification and evaluation procedures and the Ministry of Local Government Lands and Housing should adopt fully the Central Tender Board

registration system. The Ministry of Local Government Lands and Housing and the Central Tender Board should in this regard liaise with each other when registering contractors to minimise the complaints made by contractors that there were inconsistencies in the way the two bodies classify contractors.

Most of the government departments councils and non government organisations are of the belief that there should be one registration body in Botswana but the reasons for the recent introduction of the Ministry of Local Government Lands and Housing are appreciated by those interviewed.

The Ministry of Local Government Lands and Housing introduced their registration mainly to control defaulting contractors in council projects. The easy of liaison between the councils and the Ministry of Local Government Lands and Housing is said to have made it easier to track down on contractors defaulting in council projects. According to the officials of the Central Tender Board when contractors default in councils project they are not regarded as having defaulted by the Central Tender Board because the conditions under which contractors default in council projects are regarded to be different from those under which contractors default in the central government projects. Although the two bodies can be seen as duplicating efforts it is justified that the Ministry of Local Government Lands and Housing introduced their own registration body.

3.4 Tender Regulations and Procedures

As earlier mentioned in section 1.4 there are differences in tender regulations and procedures between the Central Tender Board, the Ministry of Local Government Lands and Housing and the parastatals. The Central Tender Board regulations and procedures are mainly used by the central government departments. The Ministry of Local Government Lands and Housing tender regulations and procedures are used by the city/town/district councils and land boards. Most parastatals have their own tender regulations and procedures which are approved by the board of director for each organisation.

All contractors and most government departments, councils and parastatals were of the view that there was need for the harmonisation and uniformity of tender regulations and procedures in Botswana (Appendix B, C4). However, some district councils did shed the light that there were some tender regulations and procedures between the central government and the local government which could not be made the same. To demonstrate the differences in tender regulations and procedures between the parastatals, the Ministry of Local Government Lands and Housing and the Central Tender Board a comparison of the tender regulations and procedures for the following organisations is given below

- * Botswana Power Corporation (BPC)
- * Water Utilities Corporation (WUC)
- * Botswana Telecommunications Corporation (BTC)
- * Botswana Housing Corporation (BHC)
- * Central Tender Board (CTB)
- * Ministry of Local Government Lands and Housing (MLGLH)

Table 3.3.1 show the difference in financial limits and authority among the four parastatals and between the parastatals, Central Tender Board and the Ministry of Local Government Lands and Housing. Tender regulations and procedures are meant to formalise the procedures to be used by the organisations for the selection of suppliers of goods and services. The financial limits have to be related to the operations of the

organisation for the efficient operation of the organisation. For example the organisations which use high financial limits for informal tenders so to avoid delays and other operations problems. The differences in tender regulations and procedures between the various organisations are not really the problem. The problem is that the Ministry of Local Government Lands and Housing tender regulations are too brief compared to the tender regulations and procedures of the Central Tender Board and the parastatals. For example if there is a Tender Committee in the town/district/city councils there is need to give the composition, quorum, voting rights etc. of such a committee. All the clauses of the Ministry of Local Government Lands and Housing tender regulations should be detailed like in the Central Tender Board and parastatals for the regulations to be more precise and to stand alone. As there are now a person reading the regulations needs more information to understand them.

Tender regulations and procedures for each of the six organisations given above make reference to general conditions of contract. There is a difference in charging liquidated and ascertained damages 1 percent and 0.5 percent of contract for the Ministry of Local Government Lands and the Central Tender Board respectively. The difference in charging liquidated and ascertained damages between the Ministry of Local Government Lands and Housing and the central government departments is not necessary and this can be made uniform between all the implementing agencies.

Presently only the Central Tender Board and the Water Utilities Corporation tender regulations stipulate the guidelines for the local preference scheme in their tender regulations and procedures. However, the absence of such information and guidelines on the local preference scheme in tender regulations and procedures of some organisations does not necessarily mean that the scheme is not implemented.

Table 3.3.1: Tender financial limits and authority in construction

Tender Procedure	Botswana Power Corporation	Water Utilities Corporation	Botswana Telecommunications Corporation	Botswana Housing Corporation	Central Tender Board	Ministry of Local Government, Lands and Housing
No Tender Procedure	P30 000	P50 000	P50 000	P20 000 (Not clear)	P10 000	P5 000
Informal Tender	P250 000 Management Tender Committee	P120 000 Two senior officers	P100 000 Head of Division and Financial Controller	P100 000 Management Subcommittee	P100 000 Tender Committee	P25 000 (Not Clear)
		P240 000 Tender Committee	P250 000 Tender Committee			
Formal Tender	More than P250 000 Board Tender Committee	P2 400 000 Tender Committee	P1 000 000 Tender Committee	P25 000 000 Tender Committee composed of five Board Members and to refer to the board for contracts above P25 000 000	More than P100 000 Tender Board	More than P25 000 Council and Tender Committee
		More than P2 400 000 Board Tender Committee	More than P1 000 000 Tender Committee and Executive Committee up to P5 000 000 or Board			

3.5 Benefit/Cost Analysis: A Government Expenditure Approach

Introductory Statement

Much of the Construction industry's development in Botswana can be attributed to growth of all productive sectors particularly in the urban areas and the need to overcome the backlog of construction arising from the drought prior to 1987. The need for housing, commercial buildings, and offices have been met by both the private and public sectors, fuelled by the possibilities of high rents and quick return on investments which could be achieved. But at the beginning of 1992 the healthy scenario changed rapidly with a significant contraction in volume of work manifested by layoffs by all the major locally based construction companies and building materials manufacturers. A contributory factor to this condition was the problems faced by the Botswana Housing Corporation (BHC) in 1992. In fact, because of these problems, the experience in the Construction Industry was coined at this time as a contrived and artificial recession in this sector. But the expected recovery in the near horizon did occur and this sector continued to be a leading private sector employer. For example, the importance to the national economy's private sector growth that the Construction Sector plays can be appreciated in the review of the following statistical detail(s) enumerated in Tables 3.5.1. In terms of private sector employment, the Construction Sector has been one of the top three industry employers for at least the last two decades. Table 3.5.1 exhibits the fact that the Construction Sector employed over 18000 workers in 1985, reaching a peak level of employment in 1991 of 34000. Over the period between 1985 and 1993, the Construction Sector has been the one of the major employers in the private sector, second only to Commerce. Another convincing factor with respect to the potential of cultivating the Construction Sector as a new employment growth sector is its role in the employment of male citizen workers. The opportunity to secure employed "head of the household" status represents one of the most important socioeconomic achievements for national economic viability and stability. For example, in 1987, 13907 male citizen workers were employed in the Construction Sector. A peak employment of 18912 male citizen workers employed was achieved by 1992. Although the Construction Sector was second to Commerce in overall private sector employment, as mentioned earlier, the Construction Sector was (and is) the number one employer of male citizen workers; even exceeding Commerce in employing male citizen workers in 1991 by nearly 10000 employees! And further, the fact that small to medium scale citizen contractors remain a significant generator of employment, maintaining and strengthening the existing Reservation Policy correlates well with employment creation policy and programme application. The longer term key is to facilitate the long term viability and profitability of the citizen owned enterprises; especially those that receive benefits from participating in the Reservation Policy Programme.

Analytical Framework

For the most part, detailed statistical analysis has been limited within the boundaries of years 1990 and 1994. These data limitations are due to the statistical significant bounds imposed by the primary data collection process and results. But, given this constraint, important and usable findings, analysis, and recommendations were derivable.

Conventional macroeconomic demand management theory includes utilising Government spending and taxation activities as primary discretionary public policy explanatory variables tools. For example, increasing Government expenditures and/or decreasing taxes is referred to as expansionary (increased) public policy. Similarly, decreasing Government expenditures and/or increasing taxes is referred to as contractionary (decreased) public policy. By applying the public policy logic of this discretionary tool of our analysis, therefore, the inclusion of the Government Expenditure Policy Variable(s) in this Study is done so as to ascertain any significant measurable impact(s), emanating from discretionary Government budget cuts or increases, on specific existing economic condition(s); such as employment, income, and investment levels. The economic performance statistics of interest in this Study includes, (a) the nation as a whole, (b) the Construction Sector, and (c) in the specific context of this Study's targeted group, the economic performance of Citizen Owned Builders and Contractors. It is also important to note at this point that the World Bank has developed a targeted programme within its client nations called Domestic Construction Industries (DCI) Projects. The Bank applies the basic principle of demand (expenditure) management to the implementation and monitoring of its DCI Projects. Through targeted Bank expenditures DCI Projects integrate the principles of demand management with the objective of enhancing an enabling environment and strengthening the capacity of client state's contractors through appropriate facilitating measures. Such Bank measures with respect to the DCI Projects includes targeted expenditures towards local contractors through, (a) increasing the share of public works that are contracted out; (b) enhancing the sustainability of demand; (c) appropriately sizing the works; and (d) enhancing beneficiaries' participation and promoting endogenous ownership. DCI Projects have proven to be helpful in the creation of capable local construction industry which has a central role to play in the path to development. And the growing awareness of the role of this crucial industry to the process of national economic development has resulted in the doubling of DCI Projects since 1989 (as a World Bank development tool).

Since the existing distributional characteristics of the Botswana Gross Domestic Product (GDP); includes Government Expenditures as representing nearly twenty percent of the total GDP, the application of this economic principle is even more appropriate. Therefore, the objectives of this analysis is to obtain tentative findings as to the Benefits derived; that is, probable increases in Citizen Owned Building and Contractor Enterprises, a) Turnover Levels, and b) Employment Levels; which can be assessed against the given Government expenditure pattern(s) (or Cost to Government).

Paid Employees by Activity		In Private Sector Type of Employment																
		Year																
Sector	1985	% of total	1986	% of total	1987	% of total	1988	% of total	1989	% of total	1990	% of total	1991	% of total	1992	% of total	1993	% of total
Agri	4000	6.29	4900	6.84	5600	6.31	6500	6.44	6000	5.05	6400	4.83	6700	4.63	5900	4.39	4698	3.51
Mining	7300	11.48	7500	10.47	7000	7.89	7500	7.43	7600	6.4	8100	6.11	7700	5.32	8300	6.17	8438	6.31
Manufacturing	9900	15.57	12200	17.04	14700	16.57	16400	16.24	22200	18.7	24300	18.33	26300	18.18	22000	16.36	20824	15.56
Electricity & Water	1900	2.99	2000	2.79	2200	2.48	2300	2.28	2100	1.77	2100	1.58	2500	1.73	2600	1.93	2636	1.97
Construction	11500	18.08	13700	19.13	16900	19.05	22200	21.98	27200	22.91	31000	23.38	34000	23.5	30600	22.75	28611	21.38
Commerce	18300	28.77	20900	29.19	25700	28.97	28800	28.52	34500	29.06	38300	28.88	42000	29.03	40000	29.74	41820	31.25
Transport & Communication	5700	8.96	5100	7.12	6700	7.55	7900	7.82	7300	6.15	8500	6.41	9800	6.77	9900	7.36	9241	6.91
Finance & Business Services	6800	10.69	7400	10.34	9800	11.05	11200	11.09	13100	11.04	14700	11.09	17100	11.82	18000	13.36	18243	13.63
Community & Personal Services	3900	6.13	4000	5.59	6600	7.44	6700	6.63	7500	6.32	8200	6.18	8900	6.15	8300	6.17	10096	7.54
Educ	1900	2.99	1700	2.37	2100	2.37	2300	2.28	2000	1.68	2100	1.58	2500	1.73	2300	1.71	2964	2.21
	63600	100.00	71600	100.00	88700	100.00	101000	100.00	118700	100.00	132600	100.00	144700	100.00	134500	100.00	133820	100.00

Chart 3.5.1

Sectoral Employment Distribution - 1985

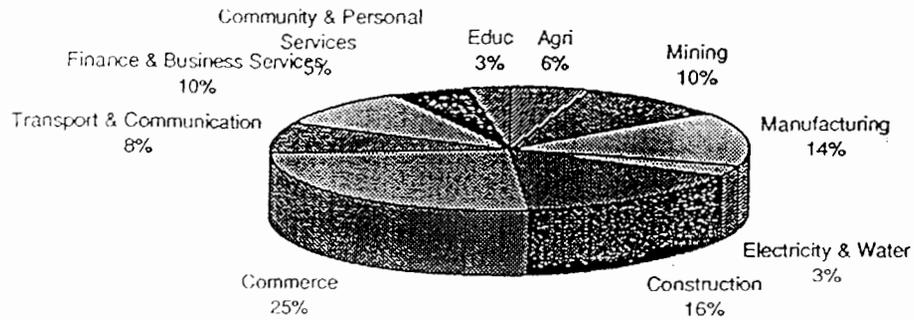
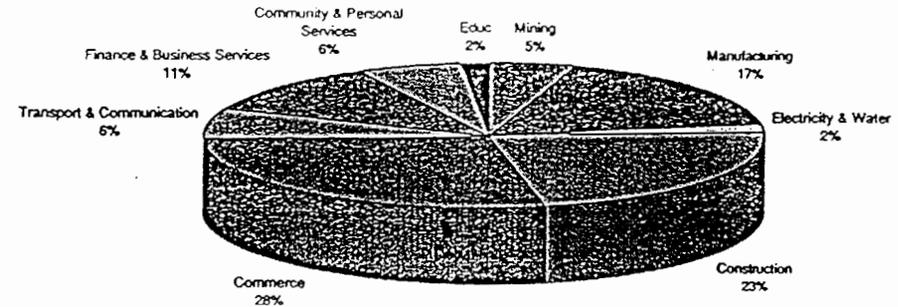


Chart 2

Chart 3.5.2 Sectoral Employment Distribution - 1991



3.5.1 Comparative Stats on Economic Performance Measures

Table 3.5.0 reflects both broad and comparative economic performance statistics for,

- a) The Overall Economy
- b) The Construction Sector
- c) The Citizen Contractors' Employment and Turnover Status

For the Botswana Economy overall, that is GDP measured for all Sectors, its exhibited estimated and forecasted rate of growth has been significantly positive.

And, excluding the year 92/93, GDP growth rates have continued to be doubled digit (although, as mentioned earlier, per capita real GDP rate of growth has significantly leveled off. Factors contributing to this condition include population growth and prices). For the Construction Sector (CS), CS GDP estimated and forecasted rate of growth has been growing at a double digit clip. But it is significant to note that the negative growth in the economy experienced in the 92/93 measured recessionary benchmark was a significantly negative rate of growth for the Construction Sector (-5.56).

In terms of measuring, from the sample returns, Citizen Contractors' (CCs) estimated average turnover levels, a significant recovery in the estimated growth rate of CCs' average turnover appears to have occurred during 93/94. But it must be emphasized at this point that if, hypothetically, a small scale enterprise of a P 50000 turnover level doubles its turnover in the next year to P 100000, the growth rate would have registered 100 percent (%). And it appears that for the most part the sample of CCs are at the smaller scale level, in terms of firm size. Yet the positive growth rate(s) are encouraging.

Two other interesting points can be deduced from the figures on CCs:

- 1) Citizen Contractors (CCs) who Participated in the 10% Advanced Payment Scheme

It appears that Citizen Contractors (CCs) who participated in this Scheme experienced quite a dramatic part of the recessionary burden as experienced by the Construction Sector (CS) in general. This is amply demonstrated in the significantly negative estimated rate of growth of turnover for this group (-19.75%) during the down year. Similarly, for those CCs who have in fact utilised the 10% Advance Payment Scheme, it appears that the startup liquidity provided by this Scheme contributed somewhat to their turnover growth rate recovery (from -19.75 in 92/93 to 11.43% in 93/94). Similarly,

2) The Integrated Field Services (IFS) Programme

Those CCs who took advantage of the IFS Advisory and Training Services experienced quite a dramatic positive difference in their estimated rate of growth of their average turnover levels than the rest of the CS Industry. Again, some qualifications must be made in that most of the Citizen Contractors (CCs) who have utilised these IFS services were also at the lower level classification end of the spectrum of firm size. But this still further supports the position that the smaller enterprises, especially, need these specialised supportive services. These points are borne out by the Contractors themselves with respect to their responses to questions relating to training and manpower development needs:

	YES	NO
1. Bookkeeping to be able to maintain good financial reports	79%	18%
2. Marketing	76%	20%
3. Financial Management	80%	17%
4. Tendering Procedures	73%	24%
5. Citizen Contractors lack tendering skills experienced staff/artisans and managerial skills	86%	10%
6. Lack of understanding of contractual obligations by citizen contractors	80%	16%
7. Tendering evaluation and award guidelines donot allow citizen contractors to learn from previous tenders	58%	26%

The need for a more effective Small Business Association was also indicated in the Respondents answers:

	YES	NO
9. Lack of strong umbrella body to speak for citizen contractors	88%	7%
10. The failure of citizen business partners to learn together well	67%	22%

As mentioned earlier, Citizen Contractors' share of the construction market account for only 10% - 15% of the Construction Sector Output; similarly, the Foreign Owned Contractors' share approach 85% - 90% of the market total.

Registered Percentage Rate of Change (%) in Expenditure Factors

Year	GDP	Constr Sector	Contracts Awarded:			
			Building		Electrical	
			COC	FOC	COC	FOC
1991	14.11	16.70				
1992	11.65	17.01	82.02	198.50	8.33	1.67
1993	8.72	-5.56	46.42	-9.68	161.54	26.97
1994	21.63	13.94	-24.20	5.85	-50.00	-50.26
ave:	14.03%	10.52%	34.75%	64.89%	39.96%	-7.21%

The table above attempts to compare GDP percentage rate of growth and the percentage rate of growth of the Construction Sector, overall, to Government Expenditures in the form of contract awards to Citizen Owned Contractors (COC) and Foreign Owned Contractors (FOC) in two major categories: Building and Electrical. For COC and FOC, the average rate of growth of contracts awarded to them by Government (and Parastatals) have far exceeded the average rate of growth of the GDP and the Construction Sector overall, for the designated period. But one significant empirical contradiction to this situation is that the amount of contracts awarded to FOC in the Electrical Category reflect a negative value for its average rate of growth over this period (92 - 94).

3.5.2 Summary Interpretation of the Sensitivity Analysis

In interpreting the results of the Sensitivity Analysis (see Addendum Section 3.5.3 that follows) we can deduce the following scenario:

THE GOVERNMENT EXPENDITURE EFFECT

I. The Correlation and Expenditure Effect of Contracts Awarded by Government for Period I (92/93):

for a 10 % increase in Government Expenditures/Contracts awarded to:

	Citizen Contractors	Foreign Contractors
<i>the resultant % increase/decrease in:</i>		
Gross Domestic Product (GDP)	+ 6.7 %	- 3.52 %
Construction Sector GDP	- 5.2 %	*****
Citizen Contractors'		
Average Turnover Level	+ 1.7 %	- 9.2 %
Citizen Contractors'		
Employment Level	+ 10.4 %	*****

II. The Correlation and Expenditure Effect of Contracts Awarded by Government for Period II (93/94):

for a 10 % increase in Government Expenditures/Contracts awarded to:

	Citizen Contractors	Foreign Contractors
<i>the resultant % increase/decrease in:</i>		
Gross Domestic Product (GDP)	+ 1.0 %	- 3.9 %
Construction Sector GDP	- 1.8 %	*****
Citizen Contractors'		
Average Turnover Level	+ 3.0 %	- 11.9 %
Citizen Contractors		
Employment Level	+ 2.4 %	*****

The salient features highlighted in the Sensitivity Analysis and Government Expenditure Effect include:

GDP Impact:

Increased Government Expenditures in the category of contracts awarded to Citizen Owned Contractors (GCE) statistically exhibit a positive correlation with respect to movement in Gross Domestic Product (GDP); that is, they move in the same direction. More specifically, for the two Periods' I (92/93) and II (93/94), given a positive Sensitivity Analysis coefficient estimated for the respective variables GCE and GDP, an average increase of 10 % in GCE will result in average increase in GDP of nearly 4%. Conversely, the reverse condition appears to hold for the variables GFE and GDP, respectively.

Sectoral Impact:

There appears to be an inverse relationship between GCE and the Construction Sector GDP (CS) for the given respective Periods I and II.

Employment Impact:

There appears to be a direct relationship between GCE and Employment by Citizen Owned Contractors (CCE).

NOTE:

In light of the limited measured period (92 - 94) estimated parameters must not be taken as exact empirical findings. Propensities as to direction of movement between the respective variables can be viewed as fair assumptions. But here again, given the short measured time period, the results can conceivably be taken as cyclical in nature.

The apparent contradiction with respect to the GDP impact and Sectoral impact can possibly be rationalised. Increased Government expenditures on the Domestic

ECONOMIC PERFORMANCE STATISTICS

PERCENTAGE (%) RATE OF GROWTH ESTIMATES & FORECASTS:

YEAR	GDP ALL SECTORS	CONSTRUCTION SECTOR GDP	CITIZEN CONTRACTORS ESTIMATED TURNOVER				
			TOTAL:	10% ADV PY PROG	IFS PROGRAM		
					Advisory	Training	
90/91		14.11	16.70				
91/92		11.65	17.01				
92/93		8.72	-5.56	2.09	-19.75	45.52	126.61
93/94		21.63	13.94	14.47	11.43	17.74	53.44

ESTIMATED ANNUAL RATE OF GROWTH FOR PERIOD: (on a percentage % basis)

	National Employment	Construction Sector Employment		Citizen Contractors' Employment
Years:			Years:	
72 to 89	8.35 1	6.75 1	92/93	12.55
			93/94	11.30

note 1.

Estimated long term
nonlinear growth curve parameter

source:

BTC Econometric Model, Table CSOC.XLS
Bank of Botswana, Annual Report 1994, ps1
Statistical Appendices for Benefit.Cost Analysis Section of Survey Results from
The Review of the Scheme to Assist Citizen Building and Road Contractors

Construction Subsector or the Citizen Owned Contractors have a spending and respending cycle effect within the economy, impacting favourably on other sectors in the economy. This, in turn, causes GDP to rise. Conversely, within the Construction Sector itself, the sectoral impact for the same expenditure effect is less favourable. Since Foreign Owned Contractors might reflect more cost effective operational amenities vis-a-vis Citizen Owned Contractors (COC), then expansion of Government contracts to might not readily translate into Construction Sector GDP sustained growth. Increased operational efficiencies through business training and technical assistance, including the implementation of a more effective Joint Venture/Technology Transfer Programme could conceivably rectify this situation.

3.5.3 Addendum Section: Sentivity Analysis

The assessment of Government's discretionary policy is done by means of applying the statistical tool of Sensitivity Analysis. The policy variables include,

- 1) The Existing Government Scheme to Assist Citizen Building and Road Contractors.
- 2) The Existing Government Expenditures/Purchases from both Citizen and Foreign Building and Road Contractors.

We can derive a "Sensitivity Analysis" of specific Government Expenditures (Effect) upon designated policy parameters. For example, in this case, the Government Expenditure Categories are:

GCE_i = Pula amount of Government Expenditures/Purchases from Citizen Owned Contractors over the *i*th Period.

GFE_i = Pula amount of Government Expenditures/Purchases from Foreign Contractors over the *i*th Period

Similarly, the designated policy parameters to be assessed as to how they are impacted upon relative to the behavior of the Government Expenditure Categories (GCE_i and GFE_i) include:

GDP_i = Gross Domestic Product/Income in the *i*th Period.

CS_i = Construction Sector's Gross Domestic Product in the *i*th Period.

CCT_i = The Average Level of Citizen Owned Firms' Turnover in the *i*th Period.

CCE_i = The Average Level of Citizen Owned Firms' Employment Level in the *i*th Period.

In this case, we shall use the Sensitivity Analysis Method to assess both the probable existence and extent of behavioral relationship(s) in the economy, vis-a-vis the BENEFITS derived with respect to increases (or decreases) in the designated policy parameters, GDP_i, CS_i, CCT_i, CCE_i, respectively. This is done by deriving a matrix of Sensitivity Analysis Parameters with respect to the set of decision parameters (GCE and GFE). These variables are tested against their relative impact on the level of GDP, CS, CCT, and CCE measured over the two time periods 1992/93 and 1993/94.

The Sensitivity Analysis Coefficients are computed in the following way (note: definitional formula):

$$\text{Sensitivity} = \frac{\Delta Y}{Y} = \frac{(Y_1 - Y_0)}{Y_0} = \frac{\Delta X}{X} = \frac{(X_1 - X_0)}{X_0}$$

Where,

- X₀ = base value of decision/impact variable
- X₁ = new value of X
- Y₀ = value of decision parameter when the base value of the decision/impact variable is used
- Y₁ = value of decision parameter at new value of the variable being tested

Variables having sensitivities equal to or greater than unity are the most sensitive and can be referred to as being relatively elastic. And conversely, variables having sensitivities less than one, can be referred to as being relatively inelastic. The sign of the coefficient determines if the two variables are inversely (moving in opposite directions) or directly (moving in the same direction) related.

Results include:

PUBLIC POLICY VARIABLE IMPACT TABLE

Correlation and Sensitivity Analysis

P I = 92/93 & P II = 93/94

Y/X	P I : GCE	GFE	P II : GCE	GFE
GDP	+0.67	-3.52	+0.10	-0.39
CS	-0.52	+2.76	-0.18	+0.72
CCT	+0.17	-0.92	+0.30	-1.19
CCE	+1.04	-5.53	+0.24	-0.93

3.6 Other Constraints Affecting the Growth of Citizen Contractors

3.6.1 Fronting by citizens for foreign firms.

Fronting by citizens for foreign owned firms is said to be happening in many different ways and for many different reasons. The following were said by some of the people interviewed about citizens who are said to be fronting for foreign owned firms;

- * Foreign firms ask a citizen employee of the firm to register a citizen owned construction firm so that the foreign firm can use the firm to tender for projects which are reserved for citizen owned firms and to avoid the performance bond. To stop the use of citizens in this way it was suggested that the government should make sure that the citizen owned contractor has genuine resources to carry the project before the contractor is given the work.
- * Some citizens owned firms tender for too much work which they end up subcontracting to foreign firms which then appear like fronting. To stop the use of foreigners in this way it is suggested that the government should ensure that the citizen owned contractor is not given more work than it can handle.
- * It is believed that citizen owned firms with foreigners behind them some how have a better access to credit facilities and work. This an unfortunate colonial mentality which seems to be still around in some peoples minds.
- * In some cases the construction firm is owned by citizens and the bank signatures are between citizens and foreigners. The government should encourage genuine joint ventures and such practices should if not genuine be discouraged.
- * It is alleged that some government officers are said to be colluding with foreign owned firms and therefore front for foreigners for some sort of return. Even if the possibilities of this happening is minimal government must implement strategies to alleviate this negative perception.

3.6.2 Lack of adherence to contract conditions by some citizen owned contractors.

The lack of adherence to contract conditions by some citizen owned contractors was said to be caused by the following.

- * Lack of commitments and multiple business concerns of some construction business owners (Appendix B, G1.3).
- * Lack of understanding of contractual obligation by some citizen owned contractors (Appendix B, G1.16).
- * Inadequate supervision on site by some citizen owned contractor (Appendix B, G1.21)

3.6.3 Other problems

Others problems raised as having a negative impact on the growth of citizen contractors include the following;

- * Lack of transparency in tender evaluation and award to allow citizen contractors to learn from previous tender (Appendix B, G1.24).
- * Donor agency requirements and restrictions are unfair to citizen contractors (Appendix B, G1.15).
- * Late payment due to some Government bureaucratic tape affecting cash-flow and work completion (Appendix B, G1.9).
- * Lack of umbrella strong citizen owned contractors association to speak for citizen owned contractors (Appendix B, G1.12)
- * Lack of code of conduct for contractors operating in Botswana (Appendix B. G1.19)

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

The construction industry is still dominated by foreign owned firms and the citizen owned contractors construction market share indicate that the citizen contractors have an insignificant share of the construction market approximately 10 to 30 percent.

Despite the various incentives and concessions and the creation of favourable environment to facilitate the growth of indigenous construction industry, the emergence of large scale citizen owned firms has been slow almost allusive and indigenous ownership has mostly been limited to the small scale sector of the construction industry.

In retrospect the reservation of certain contracts for 100 percent citizen owned contractors has portrayed an erroneous image of construction as a field in which profit can be made early rather than business aimed at improving performance and fostering growth of the indigenous construction industry. The reservation has fostered the creation of a multitude of small scale citizen owned contractors some which their commitment to the construction industry might be questioned.

Those small scale citizen owned contractors are notably registered in lower categories which give them the market opportunities for expansion and the ability to grow with the reservation that they hardly make any attempt to expand vertically.

4.1.1 Performance Bond

- (i) The present levels of the performance bond relaxation is adequate to reduce cash flow problems of citizen owned contractors. Reducing the level of or relaxing the performance bond further could place a greater risk on the part of the client considering the number of defaulting citizen owned contractors and the very nature of citizen owned contractors inability to deliver projects on time.
- (ii) Notwithstanding the fact that the practice by the Department of Architecture and Building Service in releasing of the bond at various stages of the contract does not pose any difficulties, many government departments, councils and parastatals still express reservations.

4.1.2 Advance Payment

- (i) The misuse of the 10 percent advance payment has made the implementation of this element of the scheme very difficult. Many clients tend not to favour issuing of the 10 percent advance payment because of the risk it poses to them when contractors abandon the project.
- (ii) The road contractor who had used the 10 percent plant/equipment advance said that the assistance helped their company acquire more plant/equipment and the one road contractor was in grade A in 1985 is now in grade C (Appendix D). The plant/equipment serve as security for the plant/equipment advance payment and the risk involved in giving the advance to the contractor is minimum.

4.1.3 Technical Support and Training Assistance

- (i) The technical support and training assistance was never implemented. However, it came out during the study that this element of the assistance scheme is not favoured by many because employing a consultant to help a contractor prepare priced bills of quantities on three different tenders is not an efficient method of teaching citizen owned contractors and to provide them with tendering skills.

4.1.4 Training

- (i) Those Citizen Constructors who took advantage of the IFS Advisory and Training Services experienced quite a dramatic positive difference in their estimated rate of growth of their average turnover levels than the rest of the Citizen Construction Industry Sector. The coverage of the Integrated Field Service Construction Estate training programme is constrained by inadequate staff and funds.
- (ii) The training of small citizen owned contractors through joint venture projects between high grades and low grades contractors was tried and found to be not so unsuccessful. Strictly speaking there cannot be a joint venture between contractors of significantly different grades and in fact what was referred to as a joint venture was in actual fact a subcontracting relationship.
- (iii) The special training designated projects were not implemented mainly due to shortage of staff at both the Integrated Field Services Construction Estate and the Department of Architecture and Building Service.
- (iv) No citizen owned contractors attended the Institute of Development Management upgrading courses which were supposed to be part of the training component of the assistance scheme.

4.1.5 The 2.5 Percent Price Preference Scheme

- (i) All the government departments, parastatals and councils were not able to provide the information requested for in order to make an analysis on the 2.5 percent preference.
- (ii) However, the 2.5 percent Price Preference Scheme defeats the essence of the open tender system where competition and economic choice are some of the criteria in the construction industry.

4.1.6 Botswana Housing Corporation Citizen Contractors Programme

- (i) The BHC citizen contractors support scheme made it possible for many small citizen owned contractors to participate in the BHC building construction projects and for the citizen owned contractors to upgrade their grades in the construction industry.
- (ii) However, despite government encouragement to the BHC through the 10 percent grant for the BHC to make special conditions to include citizen owned contractors in BHC projects and the fact that most BHC projects are simple single storey buildings the amount of contracts awarded by the BHC to citizen owned contractors has remained constant from 1991 to 1994.

4.1.7 Reservation Policy

- (i) Even though some elements of the reservation policy for which information was available were not fully implemented, it is true to conclude that the citizen owned contractors benefited from the policy because the citizen owned contractors had a bigger share of most of the building construction contracts reserved for them.
- (ii) It appears that contrary to the Presidential Directives 19/85 on reservation, contracts are being packaged into a large contracts by some implementing agencies and therefore, cuts the participation of the citizen owned contractors.

4.1.8 Registration and Classification of Contractors

- (i) Because the Ministry of Local Government Lands and Housing introduced grades and ceiling values different from those of the Central Tender Board, many contractors find themselves graded significantly different between the two bodies relatively low in one and high in the other. This situation has made some contractors very unhappy about the introduction of the Ministry of Local Government Lands and Housing registration. The reasons for the introduction of the Ministry of Local Government Lands and Housing registration are however, appreciated as the registration was introduced mainly to reduce the number of defaulting contractors in council projects.
- (ii) The reason given by the Ministry of Local Government Lands and Housing for registering small foreign owned building construction contractors is not valid. When the Reservation Policy was introduced the limitations of small citizen owned contractors in undertaking some projects was considered and a provision made for the reservation to be waived in such cases to include higher grades citizen owned contractors .
- (iii) During the field survey it was found that some contractors registered by the Central Tender Board as citizen owned contractors were either foreign owned contractors or joint venture contractors.

4.1.9 Tender Regulations and Procedures

- (i) The differences in tender regulations and procedure between the various organisations do not cause any problems in the construction industry. There is no need for the uniformity and harmonisation of tender regulations and procedures for contractors in Botswana as such. However, the district councils tender regulations are too brief compared to the tender regulations and procedures of the Central Tender Board and the parastatals.
- (ii) Tender regulations and procedures for some organisations make reference to general conditions of contract. There is a difference in charging liquidated and ascertained damages 1 percent and 0.5 percent of contract for the Ministry of Local Government Lands and the Central Tender Board respectively. The difference in charging liquidated and ascertained damages between the Ministry of Local Government Lands and Housing and the central government departments is not necessary.

4.1.10 Fronting by citizens for foreign firms

- (i) There are many ways in which citizens are said to be fronting for foreign owned firms. The reasons why citizens front for foreigners centre around the fact that citizens have no access to capital and therefore, do so with the hope to get a solution to their cash flow problems. On the other hand foreigners use citizens in order to benefit from the performance bond relaxation and reservation policy meant for citizen owned firms only.

4.2 Recommendations

4.2.1 Performance Bond

- (i) The department, councils and parastatals who do not release the performance bond at various stages of the contract should be made to do so in order to assist the citizen owned contractors alleviate their cash flow burden.

- (ii) The performance bond relaxation has to be revised to include mechanical contractors.
- (iii) Performance bond relaxation from 10 to 5 percent should be considered for civil engineering citizen owned contractors in grades C to E.

4.2.2 Advance Payment

- (i) All contractors should pay surety for the mobilisation advance in order to stop its misuse.
- (ii) In order to assist the citizen owned contractors who can not afford the surety for the mobilisation advance the following options should be considered.
 - (a) The contractor to arrange for materials to be on site and for the client to pay the 10 percent if the materials for permanent works are on site and the value of the materials on site is not less than the value of the 10 percent advance payment.
 - (b) The 10 percent advance should be made payable to a commercial bank nominated by the contractor in his tender (the government mobilisation advance would be protected as far as possible by being paid directly to the bank). In turn the bankers might then be more prepared to extend loan facilities to the contractor.
- (1) Government would effectively be providing part of the contractor's working capital requirement and
- (2) all interim payment would also be made directly to the bank.

What does this mean in the context of Botswana.

- (1) The mobilisation advance is paid directly to a bank nominated by the contractor in his tender.
- (2) The contractor shows evidence of successfully negotiated credit facility in fact or in principle from a commercial bank .
- (3) The bank retaining 10% of each interim certificate to back up the guarantee provided and
- (4) Government pays all interim payment (subject to the contract agreement) to the contractors bank.
- (iii) The road contractor who had used the 10 percent plant/equipment advance said that the assistance helped their company acquire more plant/equipment and the one road contractor was in grade A in 1985 and is now in grade C (Appendix D). More road contractors should be encouraged to use the plant/equipment advance payment.

4.2.3 Technical Support and Training Assistance

- (i) The technical support and training assistance should be discontinued as employing a consultant to help a contractor prepare priced bills of quantities on three different tenders is seen to be not an efficient method of teaching citizen owned contractors and to provide them with tendering skills.

4.2.4 Training

- (i) The Integrated Field Services Construction Estate training programme staff shortage should be addressed to alleviate the problem.
- (ii) The possibility of the Roads Department hosting training workshops for road contractors through the Roads Training Centre coordinated by the IFS Construction Estate should be explored.
- (iii) Joint venture project should be encouraged between citizen owned contractors of the same grade. Joint venture projects should also be encouraged between citizen owned firms and foreign owned firms for the transfer of technology to citizen owned firms.
- (iv) Most building contracts are single storey buildings and are not too complex for the citizen owned contractors to carry out and training through special designated projects is not a priority. However, special designated projects can be identified for those citizen owned contractors who have the manpower and equipment to undertake complex projects to be trained to enable them to tender for complex projects.

4.2.5 The 2.5 Percent Price Preference

- (i) All the government departments, parastatals and councils were not able to provide the information requested for in order to make an analysis on the 2.5 percent preference. At the present time, inadequate data and information renders support to the idea by some members of the Reference Group that a need exists to undertake an indepth separate study on the 2.5 Price Preference.
- (ii) However, the price preference can be phased out and be replaced by some form of reservation for Grades C to E building projects. The reservation of some grades of building projects for citizen owned contractors could result in guaranteed work for some contractors while the price preference does not.

4.2.6 Botswana Housing Corporation Citizen Contractors Programme

- (i) The fragmentation of BHC building projects to allow the participation of citizen owned contractors should be continued.
- (ii) Since the percentage of work awarded to small contractors is small (approximately 15 percent), the 10 percent grant can be discontinued and BHC would continue to support citizen owned contractors in the same way that government departments and councils do. In this case only grades OC to C would be considered for the fragmentation of the BHC projects for small citizen owned contractors. Grades D and E would tender the normal way in order to get work from the BHC.

4.2.7 Reservation Policy

- (i) It is recommended that the reservation policy should be strengthened by introducing a partial application of this policy into some grades where possible to assist citizen owned contractors. The partial reservation would be implemented through selective tendering where there is enough competition among citizen owned firms and through subcontracting where there is not enough competition among citizen owned firms. A committee would in this case be appointed chaired by a person in the position of Permanent Secretary to coordinate and monitor the implementation of the reservation policy. The Secretariat of the committee would stay in the Department of Industrial Affairs. Subcommittees to

look at the different construction areas could also be formed to assist the main committee.

- (ii) It appears that contrary to the Presidential Directives 19/85 on reservation, contracts are being packaged into a large contracts by some implementing agencies and therefore, cuts the participation of the citizen owned contractors. In order to correct this disparity the reservation policy should be enforced in all areas, except for projects which are deemed to be beyond the capability of citizen owned contractors.

4.2.8 Registration and Classification of Contractors

- (i) There is need for the harmonisation and uniformity of the registration and classification system of contractors in Botswana to eliminate the inconsistencies which exist in the registration of contractors in Botswana.
- (ii) The reason given by the Ministry of Local Government Lands and Housing for registering small foreign owned building construction contractors contravene the principles set up in Presidential Directive CAB 19/85 and the Ministry of Local Government Lands and Housing should comply with the policy and a two years grace period should be given for the foreign owned contractors to upgrade to higher grades .
- (iii) During the field survey it was found that some contractors registered by the Central Tender Board as citizen owned contractors were either foreign owned contractors or joint venture contractors. It is recommended that the contractors registered with the Central Tender Board should renew their registration every five years like it is done in the Ministry of Local Government Lands and Housing.

For the purpose of minimising the number of small contractors defaulting in the system all small scale contractors registering for the first time with the Central Tender Board and Ministry of Local Government Lands and Housing must provide proof of having attended the IFS Construction Estate training workshop.

4.2.9 Tender Procedures and Regulations

- (i) The differences in tender procedures and regulations in Botswana do not cause any problems in the construction industry because tender procedures and regulations have to be related to the operations of each organisation for the efficient operation of the organisation. There is therefore, no need for the harmonisation and uniformity of tender regulations and procedures in Botswana. It should however, be pointed out that the District tender regulations when compared to those of other organisations are too brief and need to be expanded to give enough detail and information for the reader.
- (ii) Tender regulations and procedures for some organisations make reference to general conditions of contract. There is a difference in charging liquidated and ascertained damages 1 percent and 0.5 percent of contract for the Ministry of Local Government Lands and the Central Tender Board respectively. The difference in charging liquidated and ascertained damages between the Ministry of Local Government Lands and Housing and the central government departments is not necessary and this should be made uniform between all the implementing agencies.

4.2.10 Fronting by citizens for foreign firms

- (i) The causes of fronting by citizens need to be addressed as fronting has a negative impact on the development of an indigenous construction industry. To reduce fronting contractors should when submitting tenders include proof of the nationality of the shareholders of the company every time. The company would also be required to renew registration with the Registrar of Companies, the Central Tender Board and the Ministry of Local Government Lands and Housing every five years.

4.2.11 Suggestion for a Business Development Programme

- (i) There needs to be have a clearly structured business development programme that systematically moves citizen owned contractors up the business development scale. This includes structuring a programme that allows for businesses to be able to take advantage of the Scheme structured in a way that monitors and dynamically (a structured business development plan specifically designed for the individual enterprise) assists the participating (in the Scheme) citizen owned firm towards an improved profitability and/or improved qualifying scale ranking for larger project tendering opportunities. Also, the current training and development programmes should be further geared towards improving the participation of citizen contractors in more sophisticated type of contractor activities. For example, there are no citizen owned contractors currently registered and qualified for drilling services and related activities. The Joint Venture and Technology Transfer programme would seem to be one vehicle for achieving these objectives but it has not, to date impacted in any significant way (Some of the factors related to the citizen owned contractors lack of utilising this programme aspect has been elaborated on earlier). One recommendation that has put forward by the Botswana Technology Centre (BTC) and the Botswana Association of small Enterprises (BASE) in the form of a proposal to the Ministry of Commerce and Industry's Industrial Extension and coordinating committee was, "The Establishment of Business Assistance Centres as facilities to Encourage the Creation of Conducive Environments for Attaining Sustainable Small Scale Business Conditions into the Next Century:. The proposal was designed in the form of a Phase I pilot project intended to successfully integrate the current BTC Dynamic Business Plan Workshop Programme into a recommended revised IFS business delivery system.

The objectives of this project includes the redesign and test of a hopefully more effective business assistance programme that has the dynamic elements of:

- (a) Effective ongoing/dynamic business evaluation, feasibility analysis, technical assistance, monitoring and follow-up services delivery system.
 - (b) Put in place a business development programme and implementation procedure dedicated to the systematic movement of the entrepreneurial client towards sustained profitability and growth.
- and;
- (c) Design and test an effective "full - service" business assistance centre in the context of a National Entrepreneurial Development Programme.

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APPENDIX A: THE LIST OF CONTRACTORS INTERVIEWED AND THEIR CENTRAL TENDER BOARD GRADES

Central Tender Board Grading

Town/District	OC	A	B	C	D	E	no grade	SUB TOTAL
CENTRAL DISTRICT COUNCIL								
Building Contractors								6
Bobonong Brigade Development Trust	0	0	0	0	0	0	1	
Botchin Design and Construction (Pty) Ltd.	0	0	0	0	0	0	1	
Kellips Works	0	0	0	0	0	0	1	
Nako Building Construction	1	0	0	0	0	0	0	
Palapye Development Trust Builders Brigade	0	0	0	0	0	0	1	
Serowe Builders Brigade	0	0	0	0	0	0	1	
Electrical Contractors								4
Citizen Electrical (Pty) Ltd.	1	0	0	0	0	0	0	
E. F. Electrical (Pty) Ltd.	0	0	1	0	0	0	0	
Madiba Electrical Brigade	0	0	0	1	0	0	0	
Nata Electrical Services	1	0	0	0	0	0	0	
Other Contractors								1
Kwena Construction	0	0	0	0	0	0	1	
Central District Total	3	0	1	1	0	0	6	11

CHOBE DISTRICT COUNCIL								
Building Contractors								2
Japma (Pty) Ltd.	0	0	0	0	0	0	1	
Majola & Sons Building Construction (Pty) Ltd.	0	0	1	0	0	0	0	
Civil & Road Contractors								1
Four-Ways Garage	0	0	0	0	0	0	1	
Chobe District Total	0	0	1	0	0	0	2	3

Town/District	OC	A	B	C	D	E	no grade	SUB TOTAL
GHANZI								
Building Contractors								6
B. J. L. Building Construction (Badithakga)	0	0	0	0	0	0	1	
Bistos Construction (Leina Mosime)	0	0	0	0	0	0	1	
Kelly Construction	0	1	0	0	0	0	0	
Mogo Construction	0	0	0	0	0	0	1	
Ralphian Construction	0	1	0	0	0	0	0	
Rata Construction	1	0	0	0	0	0	0	
Ghanzi Total	1	2	0	0	0	0	3	6

Central Tender Board Grading

Town/District	OC	A	B	C	D	E	no grade	SUB TOTAL
FRANCISTOWN								
Building Contractors								12
Al-Tina Construction	0	0	0	1	0	0	0	
B. M. Shobo and Sons Builders (Pty) Ltd.	0	1	0	0	0	0	0	
C.M.C. Builders (Pty) Ltd.	0	1	0	0	0	0	0	
Ipopeng Engineering Construction	0	0	1	0	0	0	0	
J.M.D. Construction	0	0	0	0	0	0	1	
Jando Builders (Pty) Ltd.	0	0	1	0	0	0	0	
Ketogetswe and Sons Building Construction	0	0	0	1	0	0	0	
Major Construction	0	0	0	0	0	0	1	
Nganowe Construction	0	0	0	1	0	0	0	
Tutume Builders/Carpenter Brigade	0	0	0	0	0	0	1	
Vicjoe Building Services	0	0	0	1	0	0	0	
Williams Engineering Services	0	0	0	0	0	0	1	
Civil & Road Contractors								4
D & R Plant Hire and Contractors	0	0	0	0	0	0	1	
Itsholetse Construction	0	0	0	1	0	0	0	
Jobtrans & Plant Hire	0	0	0	0	0	0	1	
*Panda Plant Hire	0	0	0	0	0	0	1	
Electrical Contractors								2
*Electro Motor Force (Pty) Ltd.	0	0	0	0	0	0	1	
Partners Electrical (Pty) Ltd.	0	1	0	0	0	0	0	
Francistown Total	0	3	2	5	0	0	8	18

* not 100% citizen

KGALAGADI DISTRICT								
Building Contractors								3
Ikageng Brickmoulding	0	0	0	0	0	0	1	
Maano Brickmoulding	0	0	0	0	0	0	1	
Mmadisi Keadireng	0	0	0	0	0	0	1	
Kgalagadi District Total	0	0	0	0	0	0	3	3

MAUN								
Building Contractors								7
Denkent	1	0	0	0	0	0	0	
Eboman & Sons (Pty) Ltd.	0	0	0	0	0	0	1	
Markus Trading (Pty) Ltd.	0	1	0	0	0	0	0	
Molets Building Construction	0	0	1	0	0	0	0	
O & M Building Construction	0	0	0	0	0	0	1	
Sebaa-Khudu Building Construction	0	0	0	0	0	0	1	
Tswelela Construction	0	1	0	0	0	0	0	
Maun Total	1	2	1	0	0	0	3	7

Central Tender Board Grading

Town/District	OC	A	B	C	D	E	no grade	SUB TOTAL
GABORONE								
Building Contractors								20
Boswe	0	0	0	0	0	1	0	
C B Services	0	0	0	0	0	0	1	
Champion Construction (Pty) Ltd.	0	1	0	0	0	0	0	
Chocholozza Building Construction	0	1	0	0	0	0	0	
Day Painters	0	0	0	0	0	0	1	
ELMA Buildings (Pty) Ltd.	0	1	0	0	0	0	0	
Easy Jobs and Services	0	0	1	0	0	0	0	
Emang Construction (PTY) Ltd.	0	0	0	1	0	0	0	
Kopano Building Construction	0	0	0	1	0	0	0	
Makgabana Construction	0	1	0	0	0	0	0	
Manila Investment (Pty) Ltd.	0	0	1	0	0	0	0	
Modern Ref. & Air Conditioning (Pty) Ltd.	0	0	0	0	0	1	0	
Molopita Building Construction	1	0	0	0	0	0	0	
P. M. Building Construction	0	1	0	0	0	0	0	
Pame Building Construction	0	0	0	0	1	0	0	
Peace Builders (Pty) Ltd.	1	0	0	0	0	0	0	
S. P. Construction (Pty) Ltd.	0	0	0	0	1	0	0	
Scotsca (Pty) Ltd.	0	1	0	0	0	0	0	
Super Service Building Construction Company (Pty) Ltd.	0	0	0	0	0	0	1	
Tlhoraboroko Construction (Pty) Ltd.	0	0	0	0	1	0	0	
Building & Electrical								1
Kgalagadi Resources Development (Pty) Ltd.	0	0	0	1b	0	1e	0	
Civil & Road Contractors								2
Capricorn Construction (Pty) Ltd.	0	0	0	0	1	0	0	
Van and Truck Hire (Pty) Ltd.	0	0	0	1	0	0	0	
Electrical Contractors								9
Bosa Electrical Services (Pty) Ltd.	0	0	1	0	0	0	0	
Dumela Electricals	0	1	0	0	0	0	0	
Joe's Electrical (Pty) Ltd.	0	0	0	1	0	0	0	
LBD Electrical Maintenance	0	1	0	0	0	0	0	
Lambda Industries (Pty) Ltd.	0	1	0	0	0	0	0	
Lejala Electrical	0	0	0	0	0	1	0	
M. K. M. Electrical (Pty) Ltd.	0	0	0	1	0	0	0	
Matshetsha Electrical (Pty) Ltd.	0	0	0	0	0	0	1	
Quick Service Electrical (Pty) Ltd.	0	1	0	0	0	0	0	
Mechanical Contractors								1
Motif-Air (Pty) Ltd.	0	1	0	0	0	0	0	
Other Contractors								2
Plant Lease Botswana (Pty) Ltd.	0	0	0	0	0	0	1	
*Unicon (Pty) Ltd.	0	0	0	0	1	0	0	
Gaborone Total	2	11	3	6	5	4	5	36

* not 100% citizen

Central Tender Board Grading

Town/District	OC	A	B	C	D	E	no grade	SUB TOTAL
SELEBI-PHIKWE								
Building Contractors								7
Borima Construction	1	0	0	0	0	0	0	
Botshabelo Building Construction	1	0	0	0	0	0	0	
Building and Painting (Pty) Ltd.	0	0	0	0	0	0	1	
KOS Building Construction	0	0	0	0	0	0	1	
Kuda Building Construction	1	0	0	0	0	0	0	
Masamasa Building Construction	0	1	0	0	0	0	0	
TPM Construction	0	0	0	0	0	0	1	
Electrical Contractors								1
Come Together Electrical and Building Contractors	0	0	0	0	0	0	1	
Plumbing								1
My Choice Plumbing Construction	0	0	0	0	0	0	1	
Selebi-Phikwe Total	3	1	0	0	0	0	5	9

SOUTHERN DISTRICT COUNCIL								
Building Contractors								10
B. M. Mongwaketse Cement Products (Pty) Ltd.	0	1	0	0	0	0	0	
Boikago Building Construction	0	0	1	0	0	0	0	
Ditholo Building Construction	0	0	0	0	0	0	1	
Euro Construction Botswana (Pty) Ltd.	0	0	0	0	0	1	0	
Iteke Construction and Arch. Design (Pty) Ltd.	0	0	1	0	0	0	0	
Kanye Brigade Development Trust	0	0	0	0	0	0	1	
Mhago Building Construction (PTY) LTD.	0	0	0	1	0	0	0	
Moramosi Building Construction	0	0	0	1	0	0	0	
Pitse Building Construction	0	0	0	0	0	0	1	
T. K. T. Building Construction	0	0	0	0	0	0	1	
Electrical Contractors								1
M & S Plumbing and Electrical Services (Pty) Ltd.	1	0	0	0	0	0	0	
Southern District Total	1	1	2	2	0	1	4	11

Central Tender Board Grading

Summary Information	OC	A	B	C	D	E	no grade	TOTAL
Building Contractors	8	14	8	9	3	3	29	74
Civil & Road Contractors	0	0	0	2	1	0	4	7 *
Electrical Contractors	3	5	2	3	0	2	3	18 *
Mechanical Contractors	0	1	0	0	0	0	0	1
Other Contractors	0	0	0	0	1	0	3	4 *
TOTAL:								104

* Three are not citizen owned

APPENDIX B: SUMMARY OF FIELD SURVEY RESPONSES

Q1: 100 citizen contractors
Q3: 19 implementing agencies
Q4: 3 organisations indirectly involved with the scheme

SECTION C: REGISTRATION WITH CENTRAL TENDER BOARD AND THE MINISTRY OF LOCAL GOVERNMENT LANDS AND HOUSING

		Yes	No	N/A
C1.1 Are you registered with the Central Tender Board?	Q1:	67%	33%	0%
C1.3 Does CTB grading system disadvantage the citizen-owned contractors in any way?	Q1:	16%	43%	41%
	Q3:	5%	16%	79%
	Q4:	67%	33%	0%
C2.1 Are you registered with the Ministry of Local Government Lands and Housing?	Q1:	59%	38%	3%
C2.3 Does the MLGLH grading system disadvantage the citizen-owned contractors in any way?	Q1:	13%	33%	54%
	Q3:	5%	21%	74%
	Q4:	33%	67%	0%
C3 Would you say that you prefer one government registration body for contractors in Botswana?	Q1:	70%	11%	19%
	Q3:	8%	69%	23%
	Q4:	67%	0%	33%
C4 In your opinion is there need for the harmonisation and uniformity of registration and tender procedures and regulations for contractors in Botswana?	Q1:	78%	7%	15%
	Q3:	48%	26%	26%
	Q4:	100%	0%	0%
C5 Are you aware that an application has been made for the OC grade to be introduced to road contractors in view of the fact that the ceiling for A grade has been upgraded to P1,000,000?	Q1:	13%	83%	4%
	Q3:	11%	48%	41%
	Q4:	100%	0%	0%

SECTION D: FINANCIAL ASPECTS

D2 Would you say that citizen contractors are facing any of the following problems:		Yes	No	N/A
D2.1 Lack of capital money.	Q1:	83%	14%	3%
	Q3:	89%	0%	11%
	Q4:	100%	0%	0%
D2.2 Lack of access to banks credit facilities due to lack of security.	Q1:	76%	20%	4%
	Q3:	89%	0%	11%
	Q4:	100%	0%	0%
D2.3 Inability to produce a well prepared cash-flow statement due to a lack of records and bookkeeping know-how.	Q1:	16%	77%	7%
	Q3:	84%	5%	11%
	Q4:	100%	0%	0%
D2.4 They maintain good records but are unable to produce a good cash-flow statement for the bank.	Q1:	11%	83%	6%
	Q3:	42%	32%	26%
	Q4:	100%	0%	0%
D2.5 Commercial banks discriminate against citizen-owned firms even when they submit a good cash-flow statement when applying for financial support.	Q1:	38%	49%	13%
	Q3:	36%	32%	32%
	Q4:	100%	0%	0%
D2.6 Commercial banks charge too much interest.	Q1:	61%	25%	14%
	Q3:	74%	0%	26%
	Q4:	67%	33%	0%

D2.7 Commercial banks have no confidence in small business.	Q1: Q3: Q4:	77% 58% 100%	9% 5% 0%	14% 37% 0%
D2.8 They have been unable to keep a minimum balance of at least P1,000 in our bank account in order to build credibility and acceptance by the bank.	Q1: Q3: Q4:	20% 37% 33%	73% 16% 67%	7% 47% 0%
D2.9 Other	Q1:	9%	91%	0%
D3 10% Advance Payment				
D3.1 (a) Have you at any time used the 10% advance payment available to citizen owned contractors to meet up from project related costs?	Q1:	40%	59%	1%
D3.1 (b) Do citizen contractors use the 10% advance payment to meet up front project related costs?	Q3:	68%	16%	16%
D3.2 Have you ever had problems with the 10% advance payment?	Q1:	10%	32%	58%
D3.3 In your opinion has the 10% advance payment to citizen contractors been abused?	Q1:	24%	3%	73%
D4 Have you at any time used the 10% plant/equipment advance?	Q1:	1%	10%	89%
D5 Would you prefer that the 10% advance payment for materials, etc. and plant/equipment be paid by the Government/parastatal directly to the suppliers?	Q1:	65%	26%	9%
D6 Do you use hired plant/equipment?	Q1:	54%	46%	0%
D7 Do citizen contractors front for foreign contractors?	Q1: Q3: Q4:	30% 62% 67%	20% 31% 33%	50% 7% 0%
D8 Have you used the P1,000 subsidy to citizen-owned contractors to obtain the services of consultants to produce a properly priced bills of quantities and tender documents?	Q1:	0%	95%	5%
D9 If you used the P1,000 subsidy mentioned above, have you found it useful and can you now produce a properly priced bills of quantities and tender documents?	Q1:	0%	0%	100%
D10 Could you say that the totally and partially waived performance bond with respect to all categories of citizen contractors has made it easy for citizen contractors to start contracts without any hindrance?	Q1: Q3: Q4:	64% 46% 100%	5% 31% 0%	31% 23% 0%
D11 Would the proportional release of the performance bond for works completed at various stages easy your cash-flow problems?	Q1:	65%	9%	26%

SECTION E: CONTRACTS PROCUREMENT

		Yes	No	N/A
E4 The BHC citizen contractors programme is practical in making it possible for many citizen contractors to have work.	Q1: Q3: Q4:	55% 23% 67%	24% 0% 33%	21% 77% 0%
E5 Breaking tenders up into smaller components to facilitate the participation by small contractors has high administration costs to the client. Will the following be a good alternative to breaking up tenders to facilitate the participation by small contractors?	Yes	No	No	N/A
E5.1 Subcontracting by big contractors to nominated small contractors.	Q1: Q3: Q4:	18% 54% 67%	74% 23% 33%	8% 23% 0%
E5.2 Formation of consortia among small contractors.	Q1: Q3: Q4:	45% 31% 67%	48% 38% 33%	7% 31% 0%
E5.3 Reservation of more Government/Parastatal contracts for citizen contractors.	Q1: Q3: Q4:	88% 62% 100%	5% 8% 0%	7% 30% 0%
E5.4 Other.	Q1:	7%	91%	2%
E8 Does your business generally make profit?	Q1:	64%	34%	2%

SECTION F: TRAINING AND MANPOWER DEVELOPMENT ASPECTS

		Yes	No	N/A
F1 The Integrated Field Services (IFS) mandate is to train citizen contractors in all aspects of construction management specifically in the areas of Estimating and Tendering, Project Planning and Management and Site Productivity supported by consultancy and advisory services.				
F1.2 Has the training equipped your staff with good tendering skills, managerial skills, etc.?	Q1:	39%	9%	52%
F1.4 Have you used the IFS advisory service?	Q1:	18%	69%	13%
F2 Could you say that citizen contractors need training in any of the following fields?				
F2.1 Bookkeeping to be able to maintain good financial reports.	Q1: Q3: Q4:	79% 84% 100%	18% 0% 0%	3% 16% 0%
F2.2 Marketing	Q1: Q3: Q4:	76% 79% 100%	20% 5% 0%	4% 16% 0%
F2.3 Financial Management	Q1: Q3: Q4:	80% 79% 100%	17% 0% 0%	3% 21% 0%
F2.4 Tendering Procedures	Q1: Q3: Q4:	73% 84% 79%	24% 0% 5%	3% 16% 16%
F2.5 Technical Drawing	Q1: Q3: Q4:	44% 79% 100%	52% 5% 0%	4% 16% 0%
F2.6 Other	Q1:	9%	90%	1%

F3	Would you say that there is a lack of experienced skilled artisans in Botswana?	Q1:	31%	68%	1%
F4	Would you say that there is a lack of artisans training facilities in Botswana?	Q1:	34%	60%	6%
F5	Do you send your artisans to the Botswana Construction Training Trust Fund crash training programme?	Q1:	10%	82%	8%

SECTION G: SOME PROBABLE CONSTRAINTS TO THE DEVELOPMENT OF THE CITIZEN INDUSTRY SECTOR

G1	Although the Government Citizen Contractors assistance scheme has made it possible for many citizen contractors to tender for government contracts in your view which of the following are hindering the growth of the citizen owned construction industry sector?		Yes	No	N/A
G1.1	The market share for citizen-owned contractors is too small because the amount of contracts reserved by the government for citizen contractors is small.	Q1: Q3: Q4:	85% 47% 100%	9% 36% 0%	6% 17% 0%
G1.2	The government favours large contracts which prohibits most citizen contractors from tendering.	Q1: Q3: Q4:	84% 21% 100%	11% 58% 0%	5% 21% 0%
G1.3	The lack of commitments and multiple business concerns of some construction business owners preventing project completion.	Q1: Q3: Q4:	66% 64% 67%	27% 10% 33%	7% 26% 0%
G1.4	Lack of access to credit facilities due to inadequate security.	Q1: Q3: Q4:	87% 84% 100%	9% 5% 0%	4% 11% 0%
G1.5	The partially waived performance bond for Grades B to E contracts is still prohibitive.	Q1: Q3: Q4:	20% 26% 33%	32% 37% 67%	48% 37% 0%
G1.6	Pre-qualification requirements render citizen contractors uncompetitive.	Q1: Q3: Q4:	30% 32% 67%	32% 52% 33%	38% 16% 0%
G1.7	Citizen contractors lack tendering skills, experienced staff/artisans and managerial skills.	Q1: Q3: Q4:	86% 79% 67%	10% 16% 33%	4% 5% 0%
G1.8	Big foreign contractors tender for smaller contracts	Q1: Q3: Q4:	83% 58% 67%	8% 32% 33%	9% 10% 0%
G1.9	Late payment due to Government bureaucratic red tape affecting cash-flow and work completion.	Q1: Q3: Q4:	77% 36% 100%	17% 52% 0%	6% 12% 0%
G1.10	Corrupt practices in Government offices.	Q1: Q3: Q4:	34% 11% 67%	24% 47% 33%	42% 42% 0%
G1.11	Quantity Surveyors take too long to prepare certificates of payment.	Q1: Q3: Q4:	51% 11% 100%	18% 68% 0%	31% 21% 0%

G1.12 Lack of strong umbrella body to speak for citizen contractors.	Q1: 88% Q3: 74% Q4: 100%	7% 16% 0%	5% 10% 0%
G1.13 Lack of knowledge and understanding of operating outside Botswana.	Q1: 51% Q3: 36% Q4: 67%	38% 32% 33%	11% 32% 0%
G1.14 Non refundable payment for tender documents.	Q1: 26% Q3: 5% Q4: 33%	64% 79% 67%	10% 16% 0%
G1.15 Donor agency requirements and restriction are unfair to citizen contractors.	Q1: 66% Q3: 32% Q4: 100%	12% 42% 0%	22% 26% 0%
G1.16 Lack of understanding of contractual obligation by citizen contractors.	Q1: 80% Q3: 79% Q4: 67%	16% 16% 33%	4% 5% 0%
G1.17 Lack of continuity of work and therefore lack of constant flow of income causing loss of experienced staff and credibility.	Q1: 93% Q3: 79% Q4: 100%	4% 5% 0%	3% 16% 0%
G1.18 Lack of uniformity in tender procedures and regulations.	Q1: 49% Q3: 52% Q4: 100%	37% 32% 0%	14% 16% 0%
G1.19 Lack of code of conduct for contractors.	Q1: 74% Q3: 68% Q4: 67%	21% 16% 33%	5% 16% 0%
G1.20 Inadequate supervision on site by the clients' representative.	Q1: 45% Q3: 21% Q4: 67%	45% 68% 33%	10% 11% 0%
G1.21 Inadequate supervision on site by the contractor.	Q1: 58% Q3: 68% Q4: 67%	34% 21% 33%	8% 11% 0%
G1.22 The failure of citizen business partners to team together well.	Q1: 67% Q3: 74% Q4: 67%	22% 11% 33%	11% 15% 0%
G1.23 The collateral money required for the 10% advance payment for Grade B to E contractors is prohibitive.	Q1: 23% Q3: 21% Q4: 67%	29% 42% 33%	48% 37% 0%
G1.24 The tender evaluation and award guidelines do not allow citizen contractors to learn from previous tenders.	Q1: 58% Q3: 21% Q4: 67%	26% 58% 0%	16% 21% 33%

APPENDIX C

QUESTIONNAIRES I - V

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THE REVIEW OF THE GOVERNMENT SCHEME TO ASSIST CITIZEN BUILDING AND ROAD CONTRACTORS

QUESTIONNAIRE I
Contractors Only

100% Citizen

To be completed by the Botswana Technology Centre Staff conducting the interview.

Interview conducted by Date:

SECTION A ORGANISATION PROFILE

A.1 Name of organisation (and Acronym):

.....

A.1.1 Address:

.....

.....

Tel.: Facsimile:

A.1.2 Plot No.: A.1.3 Street Name:

A.1.4 Town/Village:

A.1.5 Main Headquarters:

A.2.0 Company Secretary:

A.3.0 Date of Registration: 3.1 Date of Initial Operation:

A.3.2 Company Registration Number:

A.3.3 Company Registered as:

A.3.4 Company Trading as:

A.3.5 Directors/Shareholders Names, Designation and Nationality

Name	Designation	Nationality	Profession/Occupation

A.3.6 Percentage Citizen Share holding

A.4 Name and Address of Interviewee

A.4.1 Designation:

A.4.2 Plot: Street:

A.4.3 Postal Address:

A.4.4 Telephone: Facsimile:

A.4.5 Telex:

SECTION - B ORGANISATION STRUCTURE/LABOUR UTILISATION

B.1 Total Employment

YEAR	1992	1993	1994
Total number of employees			
Part-time employees			
Staff turn-over			

B.2 Number of Staff in each Category

YEAR	1992		1993		1994	
	Citizen	Foreign	Citizen	Foreign	Citizen	Foreign
B2.1 Professionals						
B2.2 Administrators						
B2.3 Technicians						
B2.4 Artisans						
B2.5 Salesmen						
B2.6 Unskilled						
B2.7 Other (please specify)						

B.3 What staffing deficit (shortage) have you experienced? 1992 - 1994. Rank such deficits using the key. Key (1) negligible deficit. (2) minor deficit, (3) moderate deficit (4) major/serious deficit.

YEAR	1992	1993	1994
B3.1 Professionals			
B3.2 Administrators			
B3.3 Technicians			
B3.4 Artisans			
B3.5 Salesmen			
B3.6 Unskilled			
B3.7 Other (please specify)			

SECTION C REGISTRATION WITH CENTRAL TENDER BOARD AND THE MINISTRY OF LOCAL GOVERNMENT LANDS AND HOUSING

C.1 Registration with Central Tender Board (circle as appropriate)

C.1.1 Are you registered with Central Tender Board (Yes/No)

C1.2 If the answer to the above question is yes please complete the following:

	Building Contractors Contractor	Civil and Road	Electrical Contractor	Mechanical Contractor	Other Specify
Grade at First Registration and Date					
Present Grade and Date					

C.1.3 What are the factors used in the Central Tender Board Grading System for contractors? Does the grading system disadvantage the citizen owned contractors in anyway? Give reasons and suggestions for improvements.

.....

.....

.....

.....

C.1.4 Comments on the evaluation procedures used by the Central Tender Board to evaluate contractors. Give suggestions for improvement.

.....

C.2 Registration with Ministry of Local Government, Lands and Housing.
 (Circle as appropriate)

C.2.1 Are you registered with the Ministry of Local Government Lands and Housing
 (Yes / No)

C.2.2 If the answer to the above question is yes please complete the following:

	Building Contractors	Civil and Road Contractor	Electrical Contractor	Mechanical Contractor	Other Specify
Grade at First Registration Date					
Present Grade Date					

C.2.3 What are the factors used in the Ministry of Local Government Lands and Housing Grading System for contractors? Does the grading system disadvantage the citizen owned contractors in anyway? Give reasons and suggestions for improvement

(Yes / No)

.....

C.2.4 Comments on the evaluation procedures used by the Ministry of Local Government Lands and Housing. Give suggestions for improvement.

.....
.....
.....
.....

C.3 Would you say that you prefer one Government registration body for contractors in Botswana. (Circle as appropriate) (Yes / No)

C.3.1 Elaborate

.....
.....
.....
.....

C.4 In your opinion is there need for the harmonisation and uniformity of registration and tender procedures and regulations for contractors in Botswana. Explain why and how?

.....
.....
.....
.....
.....
.....
.....

C.5 Are you aware that an application has been made for the OC grade to be introduced to road contractors in view of the fact that the ceiling for A grade has been upgraded to P1 000,000. (Yes / No)

SECTION D

FINANCIAL ASPECTS

- D.1 What is the value in Pula of the capital investment of your construction business in Botswana i.e., equipment, property and vehicles P_____

- D.2 Would you say that your construction business is facing any of the following problems. (circle as appropriate)

 - D.2.1 Lack of capital money (Yes / No)
 - D.2.2 Lack of access to banks credit facilities due to lack of security (Y e s / No)
 - D.2.3 Inability to produce a well prepared cash-flow statement for the banks due to lack of records and bookkeeping know-how. (Yes/No)
 - D.2.4 We maintain good records but we are unable to produce a good cash-flow statement for the bank. (Yes/No)
 - D.2.5 Commercial banks discriminate against citizen owned firms even when they submit a good cash-flow statement when applying for financial support. (Yes / No)
 - D.2.6 Commercial banks charge too much interest. (Yes / No)
 - D.2.7 Commercial banks have no confidence in small businesses. (Yes / No)
 - D.2.8 We have been unable to keep a minimum balance of at least P1,000 in our bank account in order to build credibility and acceptance by the bank. (Yes / No)
 - D.2.9 Other (specify)

- D.3 10 % Advance Payment

 - D.3.1 Have you at any time used the 10% advance payment available to citizen owned contractors to meet up front project related costs. (Yes / No)

D3.1.1 Please state also how many times you have used the 10% advance payment and the amount involved or give reasons why if you never used the scheme.

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D.3.2 Have you ever had problems with the 10% advance payment. (Yes / No)

D.3.2 If you answered yes to the above question what were the problems. Please give suggestions for improvement.

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D.3.3 In your opinion has the 10% advance payment to citizen contractors been abused. Give suggestions for minimising these abuses.

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D.4 Have you at any time used 10% plant/equipment advance. How can the defaults to suppliers by some citizen contractors be minimised?

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D.5 Would you prefer that the 10% advance payment for materials, etc. and plant/equipment be paid by the Government/parastatal directly to the suppliers.(Yes / No)

D.5.1 Elaborate.....
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.....

D.6 Do you use hired plant/equipment. (Yes / No)

D.7 Do citizen contractors front for foreign contractors? (Yes / No)

D.7.1 Elaborate

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D.8 Have you used the P1 000 subsidy to citizen owned contractors to obtain the services of consultants to produce a properly priced bills of quantities and tender documents? (Yes / No)

D.9 If you used the P1 000 subsidy mentioned above have you found it useful and can you now produce a properly priced bills of quantities and tender documents. (Yes / No)

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D.10 Could you say that the totally and partially waived performance bond with respect to all categories of citizen contractors has made it easy for citizen contractors to start contracts without any hindrance. (Yes / No)

D.10.1 Elaborate

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D.11 Would the proportional release of the performance bond for works completed at various stages ease your cash-flow problems? (Yes / No)

D.11.1 Elaborate.....

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SECTION E

CONTRACTS PROCUREMENT

E.1 What are the number and grade of construction projects in which your company has been awarded since 1990.

Central Tender Board Grade or equivalent	Number of Projects				
	1990	1991	1992	1993	1994
E Very large					
D Large					
C Medium					
B Small					
A Micro					
OC Opportunity Grade					
T O T A L S					

E.2 Estimated Annual Turnover in Pula

	<u>Year</u>	<u>Turnover</u>
E.2.1	1990	.....
E.2.2	1991	.....
E.2.3	1992	.....
E.2.4	1993	.....
E.2.5	1994	.....

E.3 What are your company's projected construction project activities for the next five years

- E.3.1 1995 P _____
- E.3.2 1996 P _____
- E.3.3 1997 P _____
- E.3.4 1998 P _____
- E.3.5 1999 P _____

E.4 The BHC citizen contractors programme is practical in making it possible for many citizen contractors to have work. (Yes / No)

E.5 Breaking tenders up into smaller components to facilitate the participation by small contractors has high administration costs to the client. Will the following be a good alternative to breaking up tenders to facilitate the participation by small contractors.

E.5.1 Subcontracting by big contractors to nominated small subcontractors. (Yes / No)

E.5.2 Formation of consortia among small contractors (Yes / No)

E.5.3 Reservation of more Government/Parastatal contracts for citizen contractors (Yes / No)

E.5.4 Other (specify)
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E.5.5 Comments:
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E.6 Give your main areas of operation in Botswana in the order of the area in which you are most active.

E.6.1
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E.7 Which countries outside Botswana are you also operating in?

E.7.1
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.....

E.8 Does your business generally make profit. (Yes / No)

Why?
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.....

SECTION F TRAINING AND MANPOWER DEVELOPMENT ASPECTS.

F.1 The Integrated Field Services (IFS) mandate is to train citizen contractors in all aspects of construction management specifically in the areas of Estimating and Tendering, Project Planning and Management and Site Productivity supported by consultancy and advisory services.

F.1.1 How many of your staff have been sent for training under the IFS training programme for citizen contractors . ----- No

F.1.2 Has the training equipped your staff with good tendering skills, managerial skills, etc. (Yes/No)

F.1.3 Elaborate
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.....

F.1.4 Have you used the IFS advisory service (Yes / No)

F.1.5 Elaborate
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F.1.6 What has been the shortcomings of the IFS citizen contractor's training programme. Give suggestions for improvement.

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F.2 Could you say that you need training in any of the following fields;

F.2.1 Bookkeeping to be able to maintain good financial records (Yes / No)

F.2.2 Marketing (Yes / No)

F.2.3 Financial Management (Yes / No)

F.2.4 Tendering Procedures (Yes / No)

F.2.5 Technical Drawing (Yes / No)

F.2.6 Other (specify)
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F.3 Would you say that there is lack of experienced skilled artisans in Botswana. (Yes /No)

F.3.1 Elaborate
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.....

F.4 Would you say that there is lack of artisans training facilities in Botswana? (Yes / No)

F.4.1 Elaborate
.....
.....

F.5 Do you send your artisans to the Botswana Construction Training Trust Fund crash training programme. (Yes / No)

F.6 General Comments on the Manpower development for citizen contractors

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SECTION G SOME PROBABLE CONSTRAINTS TO THE DEVELOPMENT OF THE CITIZEN CONSTRUCTION INDUSTRY SECTOR

G.1 Although the Government Citizen Contractors assistance scheme has made it possible for many citizen contractors to tender for government contracts in your view which of the following are hindering the growth of the citizen owned construction industry sector. (circle as appropriate)

G.1.1 The market share for citizen owned contractors is too small because the amount of contracts reserved by the Government for citizen contractors is small (Yes / No)

G.1.2 The Government favour large contracts which prohibits most citizen contractors from tendering. (Yes / No)

G.1.3 The lack of commitments and multiple business concerns of some construction business owners preventing project completion. (Yes / No)

G.1.4 Lack of access to credit facilities due to inadequate security. (Yes / No)

G.1.5 The partially waived performance bond for Grade B to E contracts is still prohibitive.

G.1.6 Pre qualification requirements render citizen contractors uncompetitive. (Yes / No)

G.1.7 Citizen contractors lack tendering skills, experienced staff/artisans and managerial skills. (Yes / No)

G.1.8 Big foreign contractors tender for smaller contracts. (Yes / No)

G.1.9 Late payment due to Government bureaucratic red tape affecting cash-flow and work completion. (Yes / No)

- G.1.10 Corrupt practices in Government offices. (Yes / No)
- G.1.11 Quantity Surveyors take too long to prepare certificates of payment. (Yes / No)
- G.1.12 Lack of strong umbrella body to speak for citizen contractors. (Yes / No)
- G.1.13 Lack of knowledge and understanding of operating outside Botswana. (Yes / No)
- G.1.14 Non refundable payment for tender documents. (Yes / No)
- G.1.15 Donor agency requirements and restrictions are unfair to citizen contractors. (Yes / No)
- G.1.16 Lack of understanding of contractual obligation by citizen contractors. (Yes / No)
- G.1.17 Lack of continuity of work and therefore lack of constant flow of income causing loss of experienced staff and credibility. (Yes / No)
- G.1.18 Lack of uniformity in tender procedures and regulations. (Yes / No)
- G.1.19 Lack of code of conduct for contractors. (Yes / No)
- G.1.20 Inadequate supervision on site by the clients representative (Yes /No)
- G.1.21 Inadequate supervision on site by the contractor. (Yes /No)
- G.1.22 The failure of citizen business partners to team together well. (Yes /No)
- G.1.23 The collateral money required for the 10% advance payment for Grade B to E contractors is prohibitive. (Yes /No)
- G.1.24 The tender evaluation and award guidelines do not allow citizen contractors to learn from previous tenders. (Yes /No)

G.2 Elaborate on any of the above.

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**THE REVIEW OF THE GOVERNMENT SCHEME TO ASSIST CITIZEN
BUILDING AND ROAD CONTRACTORS**

QUESTIONNAIRE II

For completion by :- (i) The Integrated Field Services (IFS)

SECTION A ORGANISATION PROFILE

A.1 Name of organisation (and Acronym):
.....
.....

A.1.1 Address:.....
.....
.....

Tel.: Facsimile:

A.1.2 Plot No.: A.1.3 Street Name:

A.1.4 Town/Village:

A.1.5 Main Headquarters:

A.2 Questionnaire completed by:

A.2.1 Designation:

A.2.2 Plot: Street:

A.2.3 Postal Address:
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.....

A.2.4 Telephone: Facsimile:

A.2.5 Telex:

A.2.6 Date: Time:

SECTION B TRAINING AND MANPOWER DEVELOPMENT ASPECTS

B.1 Number of staff at each Branch of the Integrated Field Services Construction Estate and staff shortage.

Branch	Number of Staff	Staff Shortage
	Totals	

B.2 Training Related Budget Shortfall

Year	Actual Budget Allocation	Budget Estimate
1990		
1991		
1992		
1993		
1994		

B.3 The Training of citizen contractors has been affected to some extent by the following.
(Circle as appropriate)

B.3.1 Staff Shortage (Yes / No)

B.3.2 Financial Constraints (Yes / No)

B.3.3 Other (specify)

Elaborate:

B.4 How has been the participation of citizen contractors in the training programme by IFS.
(Circle as appropriate)

- Poor
- Satisfactory
- Good

Year	Number of Participants	
	Actual	Expectations
1988		
1989		
1990		
1991		
1992		
1993		
1994		

B.5 The problems with the participants are as follows; (circle as appropriate)

B.5.1 Lack of continuity due to time constraints (Yes / No)

B.5.2 Some participants have a very low level of education to cope (Yes / No)

B.5.3 Other (specify)
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.....

B.6 Is there need to set a criteria for selecting citizen participants to attend the training programme (Yes / No)

B.6.1 Elaborate:
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.....

B.7 In terms of manpower development for the citizen owned contractors which of the following would be most effective. (circle as appropriate)

B.7.1 Encourage citizen owned contractors in Grade and upward to employ professionals and run a separate level of training for Grade and up contractors. Run also a separate low level training for Grade to OC contractors.

B.7.2 Train all participants together regardless of the participant education level and contractor grade.

B.7.3 Other (specify)
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B.8 What has been the costs and achievements of the P1,000 subsidy consultancy service.

B.8.1 Costs

<u>Year</u>	<u>Costs</u>
1988
1989
1990
1991
1992
1993
1994

B.8.2 Achievements

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B.9 In which of the following fields has the IFS Advisory Service been actively engaged in? Please rank also in the order of most active as follows:

(1) Very active (2) Active (3) Least active (4) Not active

		Rank
(i) Tendering	(Yes / No)	___
(ii) Project Planning and Management	(Yes / No)	___
(iii) Site Productivity	(Yes / No)	___
(iv) Marketing	(Yes / No)	___
(v) Financial Management	(Yes / No)	___
(vi) Office Management and Good Record Keeping	(Yes / No)	___

B.10 General Comments

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THE REVIEW OF THE GOVERNMENT SCHEME TO ASSIST CITIZEN BUILDING AND ROAD CONTRACTORS

QUESTIONNAIRE III

For completion by:-

- (i) The Department of Architecture and Building Service
- (ii) The Department of Electrical and Mechanical Services
- (iii) Boipelego Education Project
- (iv) The Department of Roads
- (v) District/Town Councils
- (vi) Ministry of Local Government Lands and Housing
- (vii) Central Tender Board
- (viii) The Botswana Housing Corporation
- (ix) Botswana Power Corporation
- (x) The Department of Water Affairs
- (xi) Water Utilities Corporation
- (xii) Botswana Telecommunications Corporation

SECTION A ORGANISATION PROFILE

A.1 Name of organisation (and Acronym):
.....
.....

A.1.1 Address:.....
.....
.....

Tel.: Facsimile:

A.1.2 Plot No.: A.1.3 Street Name:

A.1.4 Town/Village:

A.1.5 Main Headquarters:

A.2 Questionnaire completed by:

A.2.1 Designation:

A.2.2 Plot: Street:

A.2.3 Postal Address:
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.....

A.2.4 Telephone: Facsimile:

A.2.5 Telex:

A.2.6 Date: Time:

SECTION B MARKET ISSUES

B.1 What is your estimated market share in **Pula** of foreign and citizen owned contractors for the following years.

Table: B1.1 (separate tables for Building, Civil, Electrical, Mechanical etc.)

Year	Contracts awarded and Grade	Citizen owned	Joint Venture Contractors	Foreign Contractors
1991	OC			
	A			
	B			
	C			
	D			
	E			
1992	OC			
	A			
	B			
	C			
	D			
	E			
1993	OC			
	A			
	B			
	C			
	D			
	E			
1994	OC			
	A			
	B			
	C			
	D			
	E			
	Total			

B2 Has the Government scheme to assist citizen contractors been practical enough to allow citizen contractors to increase their share of the Government contracts. (Yes / No)

Elaborate (More specially on the 2.5% price preference and the relaxation of the performance bond)

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B3 The BHC citizen contractors programme is practical in making it possible for many citizen contractors to have work. (Yes / No)

B4 Breaking tenders up into smaller components to facilitate the participation by small contractors has high administration costs to the client. Will the following be a good alternative to breaking up tenders to facilitate the participation by small contractors. (Yes / No)

B4.1 Subcontracting by big contractors to nominated small subcontractors. (Yes / No)

B4.2 Formation of consortia among small contractors (Yes / No)

B4.3 Reservation of more Government /Parastatal contracts for small contractors. (Yes / No)

B4.4 Other (specify)
.....
.....

SECTION C REGISTRATION

C.1 Please give the factors used in the Central Tender Board Grading System for contractors and their weighing. e.g. experience

Classification Factors	Weight %

C.2 What is the Central Tender Board procedure for evaluating contractors for registration/upgrading.

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.....

C.3 What is the composition of the Central Tender Board members who evaluate contractors for registration/upgrading

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C.4 Do the above grading system and the contractor evaluation procedures disadvantage the citizen owned contractors in anyway? Give reasons and suggestions for improvement.

(Yes / No)

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.....

C.5 Please give the factors used in the Ministry of Local Government Lands and Housing Grading System for contractors and their weighting.

Classification Factors	Weight %

C.6 What is the Ministry of Local Government Lands and Housing procedure for evaluating contractors for registration/upgrading?

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C.7 What is the composition of the Ministry of Local Government Lands and Housing members who evaluate contractors for registration/upgrading?

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C.8 Do the above grading and the contractor evaluation procedures disadvantage the citizen owned contractors in anyway?

Give reasons and suggestions for improvement (Yes / No)

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C.9 What would be the reasons for registering with the Ministry of Local Government Lands and Housing and other agencies when a contractor is already registered with the Central Tender Board.

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C.10 In your opinion is there need for the harmonisation and uniformity of registration and tender procedures and regulations for contractors in Botswana. Please explain why and how. (Yes/No)

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C.11 Are you aware that an application has been made for the OC grade to be introduced to road contractors in view of the fact that the ceiling for A grade has been upgraded to P1,000,000. (Yes / No)

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SECTION D FINANCIAL ASPECTS

D.1 In your opinion are citizen contractors facing any of the following problems.. (circle as appropriate)

D.1.1 Lack of capital money (Yes / No)

D.1.2 Lack of access to banks credit facilities due to lack of security. (Yes / No)

D.1.3 Inability to produce a well prepared cash-flow statement for the banks due to lack of records and bookkeeping know-how. (Yes / No)

D.1.4 They maintain good records but are unable to produce a good cash-flow statement for the bank (Yes / No)

D.1.5 Commercial bank, discriminate citizen owned contractors even when they submit a good cash-flow statement when applying for financial support. (Yes / No)

D.1.6 Commercial banks charge too much interest. (Yes / No)

D.1.7 Commercial banks have no confidence in small businesses (Yes / No)

D.5 What has been the financial implication for the past five years of the 2.5% price preference for 100% citizen owned contractors.

<u>Year</u>	<u>2.5% price preference cost implications.</u>
1990	
1991	
1992	
1993	
1994	

D.6 Has the relaxation of the performance bond for citizen contractors made it possible for citizen contractors to tender for more Government/Parastatal contracts.

(Yes / No)

Elaborate

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D.7 What would be your fears if the performance bond was to be released proportionally for works completed at various stages to ease the contractors cash-flow problems.

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SECTION E TRAINING AND MANPOWER DEVELOPMENT ASPECTS

E.1 The Integrated Field Services (IFS) mandate is to train citizen contractors in all aspects of construction management specifically in the areas of Estimating and Tendering, Project Planning and management and site Productivity supported by consultancy and advisory services. Has the training improved the tendering skills and managerial skill of citizen contractors. (Yes / No)

E.1.1 Elaborate.....
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.....

E.2 In your view has the IFS advisory service to citizen contractors been adequate. (Yes / No)

E.2.1 Elaborate
.....
.....

E.3 Could you say that citizen contractors need training in any of the following fields;

E.3.1 Bookkeeping to be able to maintain good financial records (Yes / No)

E.3.2 Marketing (public relations, etc.) (Yes / No)

E.3.3 Financial Management (Yes / No)

E.3.4 Tender Procedures and regulations (Yes / No)

E.3.5 Technical Drawing (Yes / No)

E.3.6 Other (specify)
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**SECTION F SOME PROBABLE CONSTRAINTS TO THE DEVELOPMENT
OF THE CITIZEN CONSTRUCTION INDUSTRY SECTOR**

- F.1 Although the Government Citizen Contractors assistance scheme has made it possible for many citizen contractors to tender for government contracts in your view which of the following are still hindering the growth of citizen owned construction industry. (Circle as appropriate)
- F.1.1 The market share for citizen owned contractors is too small because the amount of contracts reserved by the Government for citizen contractors is small. (Yes / No)
- F.1.2 The Government/parastatal favour large contracts which prohibits most citizen contractors from tendering (Yes / No)
- F.1.3 The lack of commitments and multiple business concerns of some construction business owners prevent project completion. (Yes / No)
- F.1.4 Lack of access to credit facilities due to inadequate security. (Yes / No)
- F.1.5 The partially waived performance bond for Grade B to E contractors is still prohibitive. (Yes / No)
- F.1.6 Pre qualification requirements render citizen contractors uncompetitive. (Yes / No)
- F.1.7 Citizen contractors lack tendering skills, experienced staff/artisans and managerial skills. (Yes / No)
- F.1.8 Big foreign contractors tender for smaller contracts. (Yes / No)
- F.1.9 Late payment due to Government bureaucratic red tape affecting cash-flow and work completion. (Yes / No)
- F.1.10 Corrupt practices in Government offices. (Yes / No)
- F.1.11 Quantity Surveyors take too long to prepare certificates of payment. (Yes / No)
- F.1.12 Lack of strong contractors representation body to speak for citizen contractors. (Yes / No)

- F.1.13 Lack of knowledge and understanding of operating outside Botswana (Yes / No)
- F.1.14 Non refundable payment for tender documents. (Yes / No)
- F.1.15 Donor agency requirements and restrictions hinder participation of citizen contractors to development. (Yes / No)
- F.1.16 Lack of understanding of contractual obligation by citizen contractors. (Yes / No)
- F.1.17 Lack of continuity of work and therefore lack of constant flow of income causing loss of experienced staff and credibility. (Yes / No)
- F.1.18 Lack of uniformity in tender procedures and regulations (Yes / No)
- F.1.19 Lack of code of conduct for contractors. (Yes / No)
- F.1.20 Inadequate supervision on site by the clients representative (Yes /No)
- F.1.21 Inadequate supervision on site by the contractor. (Yes /No)
- F.1.22 The failure of citizen business partners to team together well. (Yes /No)
- F.1.23 The collateral money required for the 10% advance payment for Grade B to E contractors is prohibitive. (Yes /No)
- F.1.24 The tender evaluation and award guidelines do not allow citizen contractors to learn from previous tenders. (Yes /No)
- F.2 Elaborate on any of the above.....
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**THE REVIEW OF THE GOVERNMENT SCHEME TO ASSIST CITIZEN
BUILDING AND ROAD CONTRACTORS**

QUESTIONNAIRE IV

- For completion by:-**
- (i) The Botswana Confederation of Commerce, Industry and Manpower (BOCCIM)
 - (ii) Tshipidi Badiri Association
 - (iii) Association of Botswana Contractors (ABCON)
 - (iv) Integrated Field Services (IFS)
 - (v) The Department of Industrial Affairs
 - (vi) The Botswana Private Enterprises Development Project
 - (vii) Botswana Association of Small Enterprises

SECTION A ORGANISATION PROFILE

A.1 Name of organisation (and Acronym):
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.....

A.1.1 Address:..
.....
.....

Tel.: Facsimile:

A.1.2 Plot No.: A.1.3 Street Name:

A.1.4 Town/Village:

A.1.5 Main Headquarters:

A.2 Questionnaire completed by:

A.2.1 Designation:

A.2.2 Plot: Street:

A.2.3 Postal Address:
.....
.....

A.2.4 Telephone: Facsimile:

A.2.5 Telex:

A.2.6 Date: Time:

SECTION B MARKET ISSUES

B.1 Has the Government scheme to assist citizen contractors been practical enough to allow citizen contractors to increase their share of the Government contracts.

(Yes / No)

Elaborate (More specially on the 2.5% price preference and the relaxation of the performance bond)

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B.2 The BHC citizen contractors programme is practical in making it possible for many citizen contractors to have work.

(Yes / No)

B.3 Breaking tenders up into smaller components to facilitate the participation by small contractors has high administration costs to the client. Will the following be a good alternative to breaking up tenders to facilitate the participation by small contractors.

(Yes / No)

B.3.1 Subcontracting by big contractors to nominated small subcontractors.

(Yes / No)

B.3.2 Formation of consortia among small contractors

(Yes / No)

B.3.3 Reservation of more Government /Parastatal contracts for small contractors.

(Yes/No)

B.3.4 Other (specify)

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.....

SECTION C REGISTRATION

C.1 What is the Central Tender Board procedure for evaluating contractors for registration/upgrading.

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.....

C.2 What is the composition of the Central Tender Board members who evaluate contractors for registration/upgrading

.....
.....
.....

C.3 Does the Central Tender Board grading system and evaluation procedures disadvantage the citizen owned contractors in anyway. Give reasons and suggestions for improvement

.....
.....
.....

C.4 What is the Ministry of Local Government Lands and Housing procedure for evaluating contractors for registration/upgrading

.....
.....
.....

C.5 What is the composition of the Ministry of Local Government Lands and Housing members who evaluate contractors for registration/upgrading?

.....
.....
.....

C.6 Does the Ministry of Local Government Lands and Housing grading system and evaluation procedure disadvantage the citizen owned contractors in anyway? Give reasons and suggestions for improvement.

.....
.....

C.7 What would be the reasons for registering with the Ministry of Local Government Lands and Housing when a contractor is already registered with the Central Tender Board.

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.....

C.8 In your opinion is there need for the harmonisation and uniformity of registration and tender procedures and regulations for contractors in Botswana. Please explain why and how? (Yes/No)

.....
.....
.....

C.9 Are you aware that an application has been made for the OC grade to be introduced to road contractors in view of the fact that the ceiling for A grade has been upgraded to P1,000,000. (Yes / No)

SECTION D FINANCIAL ASPECTS

D.1 In your opinion are citizen contractors facing any of the following problems. (circle as appropriate)

D.1.1 Lack of capital money (Yes / No)

D.1.2 Lack of access to banks credit facilities due to lack of security. (Yes / No)

D.1.3 Inability to produce a well prepared cash-flow statement for the banks due to lack of records and bookkeeping know-how. (Yes / No)

D.1.4 The maintain good records but are unable to produce a good cash-flow statement for the bank. (Yes/No)

D.1.5 Commercial bank, discriminate citizen owned contractors firms even when they submit a good cash-flow statement for the bank (Yes / No)

D.1.6 Commercial banks charge to much interest (Yes/No)

D.1.7 Commercial banks have no confidence in small businesses (Yes/No)

D.1.8 They have been unable to keep a minimum balance of at least P1,000 in their bank accounts in order to build credibility and acceptance by the bank (Yes/No)

D.1.9 Other (specify)

D.2 Do citizen contractors front for foreign contractors? (Yes / No)

D2.1 Elaborate

D.3 Has the relaxation of the performance bond for citizen contractors made it possible for citizen contractors to tender for more Government/Parastatal contracts. (Yes/ No)

D.3.1 Elaborate

D.4 What would be the client fears if the performance bond was to be released proportionally for works completed at various stages to easy the contractors cash-flow problems.

.....

SECTION E TRAINING AND MANPOWER DEVELOPMENT ASPECTS

E.1 The Integrated Field Services (IFS) mandate is to train citizen contractors in all aspects of construction management specifically in the areas of Estimating and Tendering, Project Planning and management and site Productivity supported by consultancy and advisory services. Has the training improved the tendering skills and managerial skill of citizen contractors. (Yes / No)

Elaborate

.....
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.....
.....

E.2 In your view has the IFS advisory service to citizen contractors been adequate. (Yes / No)

Elaborate

.....
.....
.....

E.3 Could you say that citizen contractors need training in any of the following fields;

E.3.1 Bookkeeping to be able to maintain good financial records (Yes / No)

E.3.2 Marketing (public relations, etc.) (Yes / No)

E.3.3 Financial Management (Yes / No)

E.3.4 Tender Procedures and regulations (Yes/No)

E.3.5 Technical Drawing (Yes/No)

E.3.6 Other (specify)

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**SECTION F SOME PROBABLE CONSTRAINTS TO THE DEVELOPMENT
OF THE CITIZEN CONSTRUCTION INDUSTRY SECTOR**

- F.1 Although the Government Citizen Contractors assistance scheme has made it possible for many citizen contractors to tender for government contracts in your view which of the following are still hindering the growth of citizen owned construction industry. (Circle as appropriate)
- F.1.1 The market share for citizen owned contractors is too small because the amount of contracts reserved by the Government for citizen contractors is small. (Yes / No)
- F.1.2 The Government/parastatal favour large contracts which prohibits most citizen contractors from tendering (Yes / No)
- F.1.3 The lack of commitments and multiple business concerns of some construction business owners prevent project completion. (Yes / No)
- F.1.4 Lack of access to credit facilities due to inadequate security. (Yes / No)
- F.1.5 The partially waived performance bond for Grade B to E contractors is still prohibitive. (Yes / No)
- F.1.6 Pre qualification requirements render citizen contractors uncompetitive. (Yes / No)
- F.1.7 Citizen contractors lack tendering skills, experienced staff/artisans and managerial skills. (Yes / No)
- F1.8 Big foreign contractors tender for smaller contracts. (Yes / No)
- F.1.9 Late payment due to Government bureaucratic red tape affecting cash-flow and work completion. (Yes / No)
- F.1.10 Corrupt practices in Government offices. (Yes / No)
- F.1.11 Quantity Surveyors take too long to prepare certificates of payment. (Yes / No)
- F.1.12 Lack of strong contractors representation body to speak for citizen contractors.(Yes / No)

THE REVIEW OF THE SCHEME TO ASSIST CITIZEN BUILDING AND ROAD CONTRACTORS.

QUESTIONNAIRE V

For completion by: i) The Department of Economic Affairs,
Ministry of Finance & Development Planning

ii) Planning Unit, Ministry of Local Government Lands and Housing

SECTION A ORGANISATION PROFILE

A.1 Name of organisation (and Acronym):
.....
.....

A.1.1 Address:.....
.....
.....

Tel.: Facsimile:

A.1.2 Plot No.: A.1.3 Street Name:

A.1.4 Town/Village:

A.1.5 Main Headquarters:

A.2 Questionnaire completed by:

A.2.1 Designation:

A.2.2 Plot: Street:

A.2.3 Postal Address:
.....
.....

A.2.4 Telephone: Facsimile:

A.2.5 Telex:

A.2.6 Date: Time:

SECTION B: COST OF IMPLICATIONS OF THE 10% PAYMENT TO BHC

B.1 What has been the cost implications to the central government of the 10% payment to BHC for administrative cost of its citizen contractors programme?

Year	Cost
1989	
1990	
1991	
1992	
1993	
1994	

B.2 In your opinion is the 10% payment to BHC necessary or could/should BHC budget for the additional administrative cost through its normal operating budget. (Yes/No)

B.2.1 Elaborate

.....

.....

.....

.....

.....

.....

.....

APPENDIX D: AN ENLIGHTENMENT OF CITIZEN OWNED CONTRACTORS' RESPONSES TO QUESTIONS D.4, E.4 F.1.2 AND F.1.4

Note: The Information is sorted first by response (Yes, No, N/A) and then by contractor type. A bold faced row indicates an increase in the contractor's grade.

D.4 Have you at any time used the 10% plant/equipment advance?

	Company Code number	Contractor	D4	Initial Grade and date	Final Grade and date
1.	6	Civil and Road	Yes	A / 1985	C / 1992
2.	17	Civil and Road	No	N/I/N/I	N/I/N/I
3.	19	Civil and Road	No	N/I/N/I	N/I/N/I
4.	93	Civil and Road	No	C / 1988	D / 1991
5	100	Civil and Road	No	C / 1988	D / 1991
6.	4	Civil and Road	No	N/I/N/I	N/I/N/I
7.	73	Civil and Road	No	N/I/N/I	N/I/N/I
8.	78	Civil and Road	No	N/I/N/I	N/I/N/I

E.4 The BHC citizen contractors programme is practical in making it possible for many citizen contractors to have work.

	Company Codenumber	Contractor	E4	Initial Grade and date	Final Grade and date
1.	1	Building	Yes	A / 1988	D / 1993
2.	2	Building	Yes	N/I / N/I	E / 1989
3.	3	Building	Yes	N/I / N/I	N/I / N/I
4.	5	Building	Yes	A / 1989	B / 1991
5.	7	Building	Yes	C / 1992	C / 1992
6.	8	Building	Yes	N/I / N/I	N/I / N/I
7.	9	Building	Yes	N/I / N/I	N/I / N/I
8.	11	Building	Yes	A / 1988	B / 1991
9.	13	Building	Yes	A / 1992	A / 1992
10.	15	Building	Yes	C / 1992	C / 1992
11.	20	Building	Yes	OC/ 1991	OC / 1991
12.	21	Building	Yes	OC / 1989	OC / 1989
13.	22	Building	Yes	OC / 1990	OC / 1990
14.	23	Building	Yes	N/I / N/I	N/I / N/I

15.	25	Building	Yes	A / 1991	A / 1991
16.	26	Building	Yes	N/I / N/I	N/I / N/I
17.	28	Building	Yes	N/I / N/I	N/I / N/I
18.	29	Building	Yes	N/I / N/I	N/I / N/I
19.	30	Building	Yes	N/I / N/I	N/I / N/I
20.	32	Building	Yes	N/I / N/I	N/I / N/I
21.	37	Building	Yes	OC / 1991	OC / 1991
22.	38	Building	Yes	N/I / N/I	N/I / N/I
23.	39	Building	Yes	N/I / N/I	N/I / N/I
24.	40	Building	Yes	OC / 1989	B / 1992
25.	41	Building	Yes	OC / 1991	B / 1993
26.	43	Building	Yes	A / 1981	D / 1993
27.	47	Building	Yes	N/I / N/I	N/I / N/I
28.	48	Building	Yes	A / 1993	A / 1993
29.	49	Building	Yes	B / 1989	C / 1992
30.	50	Building	Yes	A / N/I	C / N/I
31.	51	Building	Yes	A / 1988	C / 1992
32.	56	Building	Yes	OC / 1986	B / 1988
33.	61	Building	Yes	N/I / N/I	E / 1982
34.	65	Building	Yes	OC / 1994	A / 1993
35.	66	Building	Yes	OC / N/I	OC / N/I
36.	67	Building	Yes	A / N/I	A / N/I
37.	70	Building	Yes	N/I / N/I	N/I / N/I
38.	71	Building	Yes	A / 1992	A / 1992
39.	76	Building	Yes	N/I / N/I	N/I / N/I
40.	77	Building	Yes	OC / 1987	B / 1992
41.	89	Building	Yes	A / 1986	D / 1989
42.	95	Building	Yes	A / 1992	A / 1992
43.	103	Building	Yes	A / N/I	C / N/I
44.	16	Building	No	OC / 1986	A / 1992
45.	18	Building	No	OC / 1981	C / 1993
46.	45	Building	No	A / 1993	A / 1993
47.	62	Building	No	A / N/I	E / N/I
48.	64	Building	No	A / 1985	N/I / N/I
49.	72	Building	No	N/I / N/I	N/I / N/I
50.	73	Building	No	B / 1990	B / 1990

51.	74	Building	No	OC / 1991	OC / 1991
52.	75	Building	No	A / 1988	A / 1988
53.	79	Building	No	N/I / N/I	N/I / N/I
54.	82	Building	No	N/I / N/I	N/I / N/I
55.	83	Building	No	N/I / N/I	N/I / N/I
56.	84	Building	No	OC / 1982	A / 1992
57.	85	Building	No	OC / 1993	OC / 1993
58.	86	Building	No	N/I / N/I	N/I / N/I
59.	87	Building	No	N/I / N/I	N/I / N/I
60.	90	Building	No	N/I / N/I	N/I / N/I
61.	91	Building	No	OC / N/I	OC / N/I
62.	94	Building and Electrical	No	C / 1985	C / 1995
63.	12	Building	N/A	N/I / N/I	N/I / N/I
64.	42	Building	N/A	A / 1980	A / 1980
65.	52	Building	N/A	N/I / N/I	N/I / N/I
66.	53	Building	N/A	OC / 1982	C / 1992
67.	54	Building	N/A	A / 1983	A / 1983
68.	55	Building	N/A	A / 1990	B / 1990
69.	57	Building	N/A	N/I / N/I	N/I / N/I
70.	58	Building	N/A	N/I / N/I	N/I / N/I
71.	59	Building	N/A	N/I / N/I	N/I / N/I
72.	80	Building	N/A	N/I / N/I	N/I / N/I
73.	81	Building	N/A	OC / 1986	A / 1994
74.	88	Building	N/A	N/I / N/I	N/I / N/I

F.1 The Integrated Field Services (IFS) mandate is to train citizen contractors in all aspects of construction management specifically in the areas of Estimating and Tendering, Project Planning and Management and Site Productivity supported by consultancy and advisory services.

F1.2 Has the training equipped your staff with good tendering skills, managerial skills, etc.?

	Company Codenumber	Contractor	F1.2	Initial Grade and date	Final Grade and date
1.	3	Building	Yes	N/I / N/I	N/I / N/I
2.	5	Building	Yes	A / 1989	B / 1991
3.	15	Building	Yes	C / 1992	C / 1992
4.	20	Building	Yes	OC / 1991	OC / 1991
5.	21	Building	Yes	OC / 1989	OC / 1989
6.	22	Building	Yes	OC / 1990	OC / 1990
7.	23	Building	Yes	N/I / N/I	N/I / N/I
8.	25	Building	Yes	A / 1991	A / 1991
9.	28	Building	Yes	N/I / N/I	N/I / N/I
10.	29	Building	Yes	N/I / N/I	N/I / N/I
11.	30	Building	Yes	N/I / N/I	N/I / N/I
12.	39	Building	Yes	N/I / N/I	N/I / N/I
13.	42	Building	Yes	A / 1980	A / 1980
14.	49	Building	Yes	B / 1989	C / 1992
15.	50	Building	Yes	A / N/I	C / N/I
16.	51	Building	Yes	A / 1988	C / 1992
17.	52	Building	Yes	N/I / N/I	N/I / N/I
18.	54	Building	Yes	A / 1983	A / 1983
19.	56	Building	Yes	OC / 1986	B / 1988
20.	57	Building	Yes	N/I / N/I	N/I / N/I
21.	58	Building	Yes	N/I / N/I	N/I / N/I
22.	59	Building	Yes	N/I / N/I	N/I / N/I
23.	65	Building	Yes	OC / 1994	A / 1993
24.	66	Building	Yes	OC / N/I	OC / N/I
25.	67	Building	Yes	A / N/I	A / N/I
26.	80	Building	Yes	N/I / N/I	N/I / N/I
27.	81	Building	Yes	OC / 1986	A / 1994
28.	82	Building	Yes	N/I / N/I	N/I / N/I
29.	83	Building	Yes	N/I / N/I	N/I / N/I

30.	84	Building	Yes	OC / 1982	A / 1992
31.	86	Building	Yes	N/I / N/I	N/I / N/I
32.	24	Electrical	Yes	N/I / N/I	N/I / N/I
33.	33	Electrical	Yes	OC / 1992	OC / 1992
34.	34	Electrical	Yes	C / N/I	C / N/I
35.	60	Electrical	Yes	OC / 1991	OC / 1991
36.	68	Electrical	Yes	A / 1990	A / N/I
37.	69	Electrical	Yes	OC / 1988	OC / 1990
38.	92	Electrical	Yes	A / N/I	A / N/I
39.	97	Electrical	Yes	C / N/I	C / N/I
40.	53	Building	No	OC / 1982	C / 1992
41.	72	Building	No	N/I / N/I	N/I / N/I
42.	75	Building	No	A / 1988	A / 1988
43.	77	Building	No	OC / 1987	B / 1992
44.	85	Building	No	OC / 1993	OC / 1993
45.	87	Building	No	N/I / N/I	N/I / N/I
46.	88	Building	No	N/I / N/I	N/I / N/I
47.	35	Electrical	No	A / 1988	B / 1992
48.	102	Electrical	No	A / 1984	B / 1984
49.	1	Building	N/A	A / 1988	D / 1993
50.	2	Building	N/A	N/I / N/I	E / 1989
51.	7	Building	N/A	C / 1992	C / 1992
52.	8	Building	N/A	N/I / N/I	N/I / N/I
53.	9	Building	N/A	N/I / N/I	N/I / N/I
54.	11	Building	N/A	A / 1988	B / N/I
55.	12	Building	N/A	N/I / N/I	N/I / N/I
56.	13	Building	N/A	A / 1992	A / N/I
57.	16	Building	N/A	OC / 1986	A / 1992
58.	18	Building	N/A	OC / 1981	C / 1993
59.	26	Building	N/A	N/I / N/I	N/I / N/I
60.	32	Building	N/A	N/I / N/I	N/I / N/I
61.	37	Building	N/A	OC / 1991	OC / 1991
62.	38	Building	N/A	N/I / N/I	N/I / N/I
63.	40	Building	N/A	OC / 1989	B / 1992
64.	41	Building	N/A	OC / 1991	B / 1993
65.	43	Building	N/A	A / 1981	D / 1993

66.	45	Building	N/A	A / 1993	A / 1993
67.	47	Building	N/A	N/I / N/I	N/I / N/I
68.	48	Building	N/A	A / 1993	A / 1993
69.	55	Building	N/A	A / 1990	B / 1990
70.	61	Building	N/A	N/I / N/I	E / 1982
71.	62	Building	N/A	A / N/I	E / N/I
72.	64	Building	N/A	A / 1985	N/I / N/I
73.	70	Building	N/A	N/I / N/I	N/I / N/I
74.	71	Building	N/A	A / 1992	A / 1992
75.	73	Building	N/A	B / 1990	B / 1990
76.	74	Building	N/A	OC / 1991	OC / 1991
77.	76	Building	N/A	N/I / N/I	N/I / N/I
78.	79	Building	N/A	N/I / N/I	N/I / N/I
79.	89	Building	N/A	A / 1986	D / 1989
80.	90	Building	N/A	N/I / N/I	N/I / N/I
81.	91	Building	N/A	OC / N/I	OC / N/I
82.	95	Building	N/A	A / 1992	A / N/I
83.	103	Building	N/A	A / N/I	C / N/I
84.	94	Building	N/A	C / 1985	C / 1995
85.		Electrical		E / 1985	E / 1985
86.	10	Electrical	N/A	N/I / N/I	N/I / N/I
87.	14	Electrical	N/A	A / 1992	A / 1992
88.	31	Electrical	N/A	OC / 1993	OC / 1993
89.	46	Electrical	N/A	A / 1992	A / 1992
90.	63	Electrical	N/A	B / N/I	E / N/I
91.	98	Electrical	N/A	OC / N/I	C / N/I
92.	101	Electrical	N/A	N/I / N/I	N/I / N/I

F1.4 Have you used the IFS advisory service?

	Company Code number	Contractor	F1.4	Initial Grade and date	Final Grade and date
1.	5	Building	Yes	A / 1989	B / 1991
2.	15	Building	Yes	C / 1992	C / 1992
3.	23	Building	Yes	N/I / N/I	N/I / N/I
4.	28	Building	Yes	N/I / N/I	N/I / N/I
5.	32	Building	Yes	N/I / N/I	N/I / N/I
6.	42	Building	Yes	A / 1980	A / 1980
7.	43	Building	Yes	A / 1981	D / 1993
8.	65	Building	Yes	OC / 1994	A / 1993
9.	67	Building	Yes	A / N/I	A / N/I
10.	77	Building	Yes	OC / 1987	B / 1992
11.	80	Building	Yes	N/I / N/I	N/I / N/I
12.	82	Building	Yes	N/I / N/I	N/I / N/I
13.	84	Building	Yes	OC / 1982	A / 1992
14.	88	Building	Yes	N/I / N/I	N/I / N/I
15.	60	Electrical	Yes	OC / 1991	OC / 1991
16.	68	Electrical	Yes	A / 1990	A / N/I
17.	69	Electrical	Yes	OC / 1988	OC / 1990
18.	97	Electrical	Yes	C / N/I	C / N/I
19.	1	Building	No	A / 1988	D / 1993
20.	2	Building	No	N/I / N/I	E / 1989
21.	3	Building	No	N/I / N/I	N/I / N/I
22.	8	Building	No	N/I / N/I	N/I / N/I
23.	9	Building	No	N/I / N/I	N/I / N/I
24.	11	Building	No	A / 1988	B / 1991
25.	12	Building	No	N/I / N/I	N/I / N/I
26.	13	Building	No	A / 1992	A / 1992
27.	16	Building	No	OC / 1986	A / 1992
28.	18	Building	No	OC / 1981	C / 1993
29.	20	Building	No	OC / 1991	OC / 1991
30.	21	Building	No	OC / 1989	OC / 1989
31.	22	Building	No	OC / 1990	OC / 1990
32.	25	Building	No	A / 1991	A / 1991
33.	29	Building	No	N/I / N/I	N/I / N/I

34.	30	Building	No	N/I / N/I	N/I / N/I
35.	37	Building	No	OC / 1991	OC / 1991
36.	38	Building	No	N/I / N/I	N/I / N/I
37.	39	Building	No	N/I / N/I	N/I / N/I
38.	40	Building	No	OC / 1989	B / 1992
39.	41	Building	No	OC / 1991	B / 1993
40.	45	Building	No	A / 1993	A / 1993
41.	47	Building	No	N/I / N/I	N/I / N/I
42.	48	Building	No	A / 1993	A / 1993
43.	49	Building	No	B / 1989	C / 1992
44.	50	Building	No	A / N/I	C / N/I
45.	51	Building	No	A / 1988	C / 1992
46.	52	Building	No	N/I / N/I	N/I / N/I
47.	53	Building	No	OC / 19821201	C / 1992
48.	54	Building	No	A / 1983	A / 1983
49.	55	Building	No	A / 1990	B / 1990
50.	56	Building	No	OC / 1986	B / 1988
51.	57	Building	No	N/I / N/I	N/I / N/I
52.	58	Building	No	N/I / N/I	N/I / N/I
53.	59	Building	No	N/I / N/I	N/I / N/I
54.	61	Building	No	N/I / N/I	E / 1982
55.	62	Building	No	A / N/I	E / N/I
56.	66	Building	No	OC / N/I	OC / N/I
57.	71	Building	No	A / 1992	A / 1992
58.	72	Building	No	N/I / N/I	N/I / N/I
59.	74	Building	No	OC / 1991	OC / 1991
60.	75	Building	No	A / 1988	A / 1988
61.	76	Building	No	N/I / N/I	N/I / N/I
62.	79	Building	No	N/I / N/I	N/I / N/I
63.	81	Building	No	OC / 1986	A / 1994
64.	83	Building	No	N/I / N/I	N/I / N/I
65.	85	Building	No	OC / 1993	OC / 1993
66.	87	Building	No	N/I / N/I	N/I / N/I
67.	91	Building	No	OC / N/I	OC / N/I
68.	95	Building	No	A / 1992	A / N/I
69.	103	Building	No	A / N/I	C / N/I

70.	94	Building	No	C / 1985	C / 1995
71.		Electrical		E / 1985	E / 1985
72.	14	Electrical	No	A / 1992	A / 1992
73.	24	Electrical	No	N/I / N/I	N/I / N/I
74.	33	Electrical	No	OC / 1992	OC / 1992
75.	34	Electrical	No	C / N/I	C / N/I
76.	35	Electrical	No	A / 1988	B / 1992
77.	46	Electrical	No	A / 1992	A / 1992
78.	63	Electrical	No	B / N/I	E / N/I
79.	92	Electrical	No	A / N/I	A / N/I
80.	98	Electrical	No	OC / N/I	C / N/I
81.	7	Building	N/A	C / 1992	C / 1992
82.	26	Building	N/A	N/I / N/I	N/I / N/I
83.	64	Building	N/A	A / 1985	N/I / N/I
84.	70	Building	N/A	N/I / N/I	N/I / N/I
85.	73	Building	N/A	B / 1990	B / 1990
86.	86	Building	N/A	N/I / N/I	N/I / N/I
87.	89	Building	N/A	A / 1986	D / 1989
88.	90	Building	N/A	N/I / N/I	N/I / N/I
89.	10	Electrical	N/A	N/I / N/I	N/I / N/I
90.	31	Electrical	N/A	OC / 1993	OC / 1993
91.	101	Electrical	N/A	N/I / N/I	N/I / N/I
92.	102	Electrical	N/A	A / 1984	B / 1984

APPENDIX E : CONSTRUCTION CONTRACTS AWARDED (1991-1994)

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TABLE Ae 1: Central District Council construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	4 480 343	---	1259 350
	Civil/Roads	--	--	--
1991	Electrical	(Included in	Building)	
	Mechanical	--	--	--
	Building	7 719 485	--	4 587 040
1992	Civil/Roads	--	--	--
	Electrical	(Included in	Building)	
	Mechanical	--	--	--
	Building	3 149 021	--	--
1993	Civil/Roads	--	--	--
	Electrical	(Included in	Building)	
	Mechanical	--	--	--
	Building	17 121 742	--	4 559 501
1994	Civil/Roads	--	--	--
	Electrical	(Included in	Building)	
	Mechanical	--	--	--
	TOTAL	32 470 591	--	10 405 891

TABLE Ae 2: Southern District Council construction contracts awarded(1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	1 965 969	---	--
	Civil/Roads	168 784	--	--
1991	Electrical	34 162	--	--
	Mechanical	50 000	--	--
	Building	1 491 995	--	
1992	Civil/Roads	342 517	--	--
	Electrical	53 000		
	Mechanical	55 000	--	--
	Building	3 839 583	--	--
1993	Civil/Roads	13 000	--	--
	Electrical	67 530		
	Mechanical	62 750	--	--
	Building	710 973	--	--
1994	Civil/Roads	145 373	225 099	2 436 135
	Electrical	103 522		
	Mechanical	55 483	--	--
TOTAL		9 159 641	225 099	2 436 135

TABLE Ae 3: North West District Council(Kasane) construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	--	---	--
	Civil/Roads	--	--	--
1991	Electrical	--	--	--
	Mechanical	--	--	--
	Building	--	--	--
1992	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	17 004.73	--	--
1993	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	19 531.22	--	--
1994	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		36 535.95	--	--

TABLE Ae 4: Gantsi District Council construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	NI	---	--
	Civil/Roads	--	--	--
1991	Electrical	--	--	--
	Mechanical	--	--	--
	Building	206 74	--	--
1992	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	1 090 118	--	756 153
1993	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	575 090	--	--
1994	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		1 685 882	--	756 153

TABLE Ae 5: Francistown Town Council construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	135 478.10	---	--
	Civil/Roads	1 151 044.45	--	570 862.00
1991	Electrical	101 309.00	--	--
	Mechanical	--	--	--
	Building	1 387 832.15	--	570 862.00 16 514.00
1992	Civil/Roads	86 935.37	694 580.70	3 539 799.72
	Electrical	486 157.50	--	--
	Mechanical	573 092.87	694 580.70	3 539 799.72
	Building	2 11 353.20	376 231.77	2 149 539.44
1993	Civil/Roads	126 053.70	--	671 444.12
	Electrical	515 625.00	--	--
	Mechanical	275 403.19	--	--
	Building	90 731.66	--	14 205.00
1994	Civil/Roads	102 200.00	266 915.00	23 765.00
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		5243216.20	2032308.20	1109791

TABLE Ae 6: Selibe Phikwe Council construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	1 046 960	---	1 556 069
	Civil/Roads	496 973	--	3 880 319
1991	Electrical	--	--	--
	Mechanical	--	--	111 399.00
	Building	743 786	--	1 193 415.00
1992	Civil/Roads	--	--	1 097 085
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	--	--	139 335
1993	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	2 179 842	--	3 295 640
1994	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		4 467 561	--	11 273 262

TABLE Ae 7: Department of Architecture and Building Services construction contracts awarded (1991-1994)

CITIZEN OWNED				FOREIGN OWNED		
YEAR	OC + A + B + C	D	E	OC + A + B + C	D	E
1	P8 515 869	P7 719 207	-	P1 876 447		P49 668 824
2	P8 459 729	P13 651 328	-	P5 640 086	P3 931 728	P81 979 834
3	P6 164 370	P1 578 854	P26 485 752	P1 288 000		P89 560 893
4	P6 441 439	-	-	-		P151 922 436

YEAR	OC + A + B + C	D	E
1991	P10 392 316	P7 719 207	P49 668 824
1992	P14 099 815	P17 583 056	P81 979 834
1993	P7 452 870	P17 583 056	P81 046 645
1994	P6 441 439	--	P151 922 436

TABLE Ae 8: Boipelego Education Project construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	20 000 000	---	30 000 000
	Civil/Roads	--	--	--
1991	Electrical	--	--	--
	Mechanical	--	--	--
	Building	20 000 000	--	40 000 000
1992	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	30 000 000	--	40 000 000
1993	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	40 000 000	--	43 000 000
1994	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		110000000	--	1530000000

TABLE Ae 9: Roads Department Construction Contracts (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	--	---	--
	Civil/Roads	P27 194 853	--	P55 270 000
1991	Electrical	--	--	--
	Mechanical	--	--	--
	Building	--	--	--
1992	Civil/Roads	P29 023 815	--	P52 291 614
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	--	--	--
1993	Civil/Roads	P66 922 108	--	P80 437 134
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	--	--	--
1994	Civil/Roads	P35 264 921	--	P120 610 000
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		P247 456 913	--	P399 707 106

TABLE Ae 10 Department of Electrical and Mechanical Services construction contracts awarded (1991-1994)

YEAR	CONTRACTS AWARDED AND GRADE	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
1991	OC	P16 000.00		
	A	195 000.00		7 900.00
	B	375 368.00		124 330.00
	C			54 128.00
	D			468 987.00
	E	1 679 140.00		5 627 947.00
1992	OC	14 680.00		
	A	272 854.00		31 493.00
	B	300 757.00		96 651.00
	C			57 930.00
	D			758 217.00
	E	1 516 240.00		7 877 973.00
1993	OC	39 318.00		
	A	724 566.00		78 050.00
	B			334 801.00
	C			343 818.00
	D			3 428 226.00
	E	5 027 468.00		10 906 242.00
1994	OC	233 439.00		
	A	478 517.00		87 358.00
	B			153 079.00
	C			134 006.00
	D			1 652 942.00
	E	2 180 143.00		9 187 020.00
TOTAL		13 053490		41 411 098.00

TABLE Ae 11: Ministry of Local Government Lands and Housing construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	--	---	--
	Civil/Water	--	--	P350 000 000
1991	Electrical	--	--	--
	Mechanical	--	--	--
	Building	--	--	--
1992	Civil/Water	--	--	
	Electrical	--	--	--
	Mechanical	--	--	--
	Building	--	--	
1993	Civil/Water	--	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
	Building		--	--
1994	Civil/Water	--	--	
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		--	--	350 000000

TABLE Ae 12: Botswana Housing Corporation construction contracts (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	--	---	--
	Civil/Roads	1 453 000	--	9 677 700
1991	Electrical	--	--	1 619 950
	Mechanical	--	--	--
	Building	22 041 651	--	94 451 768
1992	Civil/Roads	97 510	--	7 358 600
	Electrical	--	--	1 619 950
	Mechanical	--	--	--
	Building	21 766 616	--	84 335 640
1993	Civil/Roads	245 840	--	5 494 380
	Electrical	--	--	1 104 680
	Mechanical	--	--	--
	Building	22 529 730	--	41 624 679
1994	Civil/Roads	87 155	--	1 277 260
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		68221502	--	248564

TABLE Ae 13: Botswana Power Corporation construction contracts (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	--	---	2.5 M
	Civil/Roads	--	--	--
1991	Electrical	--	--	12 M
	Mechanical	--	--	2 M
	Building	2.5 M	--	1M
1992	Civil/Roads	--	--	--
	Electrical	--	--	15 M
	Mechanical	--	--	2 M
	Building	--	--	2 M
1993	Civil/Roads	1 M	--	13 M
	Electrical	--	--	2 M
	Mechanical	--	--	3.7 M
	Building	--	--	--
1994	Civil/Roads	--	--	--
	Electrical	1.5 M	--	8 M
	Mechanical	--	--	2 M
TOTAL		5 million	--	65.2 million

NB * Approximate electrical contracts at P20 - 50 M/annum

TABLE Ae 14: Water Utilities Corporation construction contracts awarded (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	--	---	--
	Civil/Roads	--	--	50 M
1991	Electrical	--	--	10 M
	Mechanical	--	--	5 M
	Building	3 M	--	--
1992	Civil/Roads	--	--	10 M
	Electrical	--	--	5 M
	Mechanical	--	--	5 M
	Building	1.5 M	--	--
1993	Civil/Roads	--	--	10 M
	Electrical	--	--	5 M
	Mechanical	--	--	0.8 M
	Building	--	--	--
1994	Civil/Roads	11 M	--	--
	Electrical	--	--	--
	Mechanical	--	--	--
TOTAL		15.5 M	--	100.8 M

TABLE Ae 15: Botswana Telecommunications Corporation construction contracts (1991-1994)

YEAR	CONTRACTORS	CITIZEN OWNED	JOINT VENTURE CONTRACTORS	FOREIGN CONTRACTORS
	Building	650 750	---	64 384
	Civil/Roads	--	--	--
1991	Electrical	--	--	--
	Mechanical	78 433	--	--
	Building	1 200 000	256 000	26 550 000
1992	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	23 994	--	301 994
	Building	946 000	--	14 080 550
1993	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	39 375	--	196 067
	Building	226 000	233 000	--
1994	Civil/Roads	--	--	--
	Electrical	--	--	--
	Mechanical	205 087	--	250 520
TOTAL		3 369 639	489 000	41 443 515

* The above entries were made against the year of award of the relevant contracts where payment spread over more than one year this has been taken into account.

APPENDIX F

TERMS OF REFERENCE

**TERMS OF REFERENCE FOR THE
REVIEW OF THE SCHEME TO ASSIST CITIZEN BUILDING
CONTRACTORS AND ROAD CONTRACTORS**

The Department of Industrial Affairs, Ministry of Commerce and Industry plans to appoint a consultant to conduct a review of the Scheme to Assist Citizen Building Contractors and Road Contractors. The scheme was introduced on 15th August 1988 with a purpose to assist citizen contractors to improve their work performance in construction, and to upgrade their management and technical skills. The assistance scheme consists of 5 basic elements.

1. Training of citizen contractors in all aspects of construction management specifically in the areas of Estimating and Tendering, Project Planning and Management and Site Productivity. This is supported by consultancy and advisory services.
2. Concessions. Performance bonds totally and partially waived with respect to all categories of citizen contractors to make it easy for them to start contracts without any hindrance.
3. Incentives by way of subsidies and advance payments are made available to citizen contractors to enable them meet up front project related cost and price preference which gives them advantage over non-citizens contractors.
4. Provision of project support to BHC towards its citizen contractors programme which reserves certain contracts exclusively for citizen owned companies.
5. A subsidy of P1000 to qualifying citizen owned contractors, up to the maximum of three occasions, to obtain the services of a consultant to produce properly priced bills of quantities and tender documents.

The administration of the scheme since its inception in August 1988, has not been subjected to any review to ascertain the achievements or otherwise of the projected objectives of the scheme. Obviously the scheme has had some impact on the development of local expertise in the construction industry and has contributed to national development. But is it worthwhile in terms of cost? Various departments and agencies have expressed concern over the lack of a review since the introduction of the scheme. The Government Directive Cab 24/88 requires that the level of the 10% grant to the BHC should be reviewed yearly. The lack of review has given rise to incongruous interpretations between decision makers and implementing agencies of the scheme. The reservation of construction activities for the citizen contractors was raised in the BOCCIM construction study entitled "An Assessment of the Construction Industry in Botswana" and recommendations were made to infuse a better approach to the administration of construction activities in Botswana. A similar concern was also raised in the final report of the Southern Africa Construction industry initiative. Recommendations meant to revamp the construction sector were proposed by these independent studies.

Therefore in the vein that the MCI want to ensure a sustainable development in the construction sector, the main purpose of the review will be to assess all the problems and achievements associated with the administration of the scheme of assistance and come up with measures which could address the problems and promote a sustainable development for the citizen contractors programme.

In view of the cost involved in the administration of the scheme of assistance, the question being asked is whether the government of Botswana should continue to finance the scheme in an effort to strengthen the scheme or to phase out some of the provisions of the scheme of assistance.

Objective of the Review

Identify, and wherever possible estimate the positive and negative impacts and the cost of the Scheme to assist Citizen Building Contractors and Road Contractors and recommend changes where necessary. Separately analyze each of the five (5) major programme elements identified on Page 1.

Scope of Work

The review shall include but not necessarily be limited to the following tasks.

1. Field study of the programme covering small to large scale contractors.
2. Analysis of data on:
 - a) Cost and benefit of the 10% payment to BHC for administrative cost of its citizen contractors' programme. Is this separate subsidy necessary, or could/should BHC budget for the additional administrative cost through its normal operating budget ?
 - b) Cost of the 10% advance payment to citizen owned contractors to meet up front project related cost.
 - c) Cost of the 2.5% price preference scheme.
3. Sample of a number of citizen contractors in the following towns and districts:

a) Gaborone	f) Chobe District
b) Southern District	g) Central District
c) Francistown	h) Kgalagadi District
d) Selebi-Phikwe	i) Gantsi District
e) Maun	

Taking into account the categories of small to large citizen contractors in seeking opinions of the impact of the assistance scheme.

4. Discuss with councils and other agencies on the assistance scheme viz:
 - a) Achievements
 - b) Problems
 - c) Necessary changes
5. Harmonization and uniformity of registration and tender procedures and regulations for contractors in Botswana.
6. Proportional release of the performance bond for works completed at various stages.
7. Introduction of an O.C. grade to road contractors in view of the fact that the ceiling for A grade has been upgraded to P1,000,000.00.
8. Problems of fronting by citizen contractors for all types of construction contracts.
9. Look into ways of minimising the abuse in the application of the 10% advance payment to citizen contractors.
10. Review the 10% plant/equipment advance to minimise the defaults of contractors to suppliers.
11. Review the training of citizen contractors by IFS with a view to strengthening it.
12. Review the subsidy of P1000 to citizen owned contractors to obtain the services of consultants to produce a properly priced bills of quantities and tender documents.
13. Review the 2.5% price preference to citizen contractors.
14. Review the sub-contracting in the construction industry in Botswana.

Cooperation with Authorities and Non Governmental Organisation

The Consultant will be required to liaise with all relevant Authorities constituting the Reference Group, Parastatals and Private Sector Organisations engaged in the construction industry. Cooperation between the Reference Group and the Consultant at all stages of the review will be essential to the success of the study.

Reference Group

The Reference Group for the review consists of representatives from Ministry of Commerce and Industry (Department of Industrial Affairs), Ministry of Finance and Development Planning, DABS, Roads Department, DEMS, MLGLH, BHC, BEPU, BOCCIM, TBBA and Botswana Private Enterprise Development Project.

The total study period shall be approximately 14 weeks.

The consultant will be required to work under the guidance of the reference group. Regular meetings will be held with the consultant to monitor the progress of the review as well as to advise on any changes that may be considered necessary. It is anticipated that a total of three meetings will be held with the reference group during the course of the review.

Reporting and Time Schedule

Inception report, including detailed work plan and chapter outline of final report to be submitted to the reference group within two weeks after the commencement of the study. Reference group meeting will be held in the third week.

Draft report to be submitted to the reference group in the 11th week after commencement. The reference group will then meet in the 12th week.

Thirty (30) copies of the final report to be submitted within 21 calendar days of receipt by consultant of written comments on draft report from Chairman of Reference Group.

Technical and financial Proposals

It is anticipated that a fixed price contract will be awarded to the successful tenderer. For bidding purposes, the consultant is advised that the level of effort is estimated at fourteen (14) person weeks. The tenderers' relevant experience, technical approach and proposed personnel will be evaluated first. For the purpose of evaluation the tenderers technical proposals will be weighted as follows :-

- Proposed personnel - 30%
- Relevant organisational experience - 30%
- Methodology and workplan schedule - 40%

Following this review financial proposals will be evaluated. The project sponsors reserve the right to award the contract to a tenderer other than the lowest bidder.

Bidding Instructions

Tenderers must :-

1. Demonstrate relevant experience in studying similar problems in Botswana or in other countries.
2. Provide a brief description (three to five pages) of their approach to conducting the required analysis.
3. Furnish relevant curriculum vitae concerning all members of the proposed study team.
4. Provide a business proposal itemizing professional fees and person-days, expenses and total price. Please note that U.S. Agency for International Development Travel and Per Diem Regulations will apply. For cost estimation, use \$63 per diem for lodging plus \$50 per diem for meals and incidentals. A copy of USAID travel regulations will be provided to the successful bidder.

Six (6) copies of technical proposal and two (2) copies of financial proposal shall be delivered to :- **Botswana Private Enterprise Development Project (BPED), Deloitte and Touche, Barclays House, Gaborone.**

Tenders should be delivered in two envelopes, one for the technical proposal and one for the economic proposal.

Closing date for tenders will be **Tuesday 25th October 1994 10.00 a.m.** local time. Facsimile copies will not be accepted.

A bidders conference will be held on 4 October, 1994 at 9 a.m. at Construction Estates. All questions must be submitted in writing by COB Thursday September 29.

Method of Payment

Method of payment shall be lump-sum which will be payable to the consultant according to the following schedules.

1. On submission and approval of inception report 30%.
2. On submission of Draft Report 30%.
3. On submission of Final Report 40%.

Reimbursables

Any reimbursables would be paid in lump sum on submission of duly signed invoices of the work done.

**APPENDIX G:- CONTRACTORS REGISTRATION APPLICATION
FORMS AND THE MINISTRY OF LOCAL
GOVERNMENT LANDS AND HOUSING
CLASSIFICATION CRITERIA**

	PAGE
Ag 1. Central Tender Board contractors registration application form	162
Ag 2. Ministry of Local Government Lands and Housing contractors registration application form	170
Ag 3. Ministry of Local Government Lands and Housing classification criteria	175

**Ag 1. Central Tender Board contractors
registration application form**

For Central Tender Board use only

Date Received Entered on data base.....CTB Ref.
No.....

=====

TO : Director,
Central Tender Board,
Private Bag 0058,
GABORONE, BOTSWANA

APPLICATION FOR INCLUSION/UPGRADING (delete as applicable) in
Central Tender Board's List of Approved Contractors.

- 1. a) Name of Contractor
- b) Postal Address
-
-
-
- c) Telephone Number/s
- d) Telefax Number/s
- e) Telex Number
- f) Location of Premises Plot No.
- in Botswana Street
- Town

-
- 2. Registration of Company
(Leave blank if a trade
name and NOT a
registered company and
complete part 3 below)
 - a) Company's Registration
 No.
 - b) Date of Registration
 -

c) Registered Name and Address

.....

.....

.....

3. Registration of a Trade Name

a) Name of Contractor

b) Postal Address

c) Business Telephone Number

d) Home Telephone No.

e) Fax Number

4. a) Banker's Name and Address

.....

.....

.....

5. Attested Statement of Shareholding and Beneficial Ownership

See Appendix E

6. Details of Company Secretary

Name

Address

.....

.....

Nationality

7. Group Affiliations, or Associated Firms in Botswana or other countries

a) Is the applicant part of a group/s and/or affiliated to any other companies?

Yes/No (delete as appropriate)

b) If yes give details of the group/s and/or name/s of any affiliated companies

.....
.....
.....
.....

8. Number of Employees in Botswana

a) Botswana Citizens

b) Other Nationalities

c) Total Employed

d) Number of Principals and Senior Permanent Staff No.(give details in Appendix A attached)

9. Capital Investment in Botswana

a) Equipment (plant, vehicles etc excluding hire items) Value P(give details in Appendix B attached)

b) Workshops, property etc. Value P

c) Paid-up Capital Value P (attach copy of latest audited accounts)

10. The activities for which the Applicant requires Registration with the Central Tender Board are detailed in Appendix C attached, whereas the ceiling values relating to each Grade of Activity are detailed in Appendix D also attached.

11. Details of projects either completed or commenced in BOTSWANA in recent years.

N.B.

Sub-Contractors should indicate name of main Contractor and whether domestic or nominated, all other required details such as site as well as value of their sub-contract.

a) Project
Nature
Date Completed
Value of Contract
Details of Work
.....
.....
Locality

b) Project
Nature
Site
Date Completed
Value of Contract
Details of Work
.....
.....
.....
Locality

c) Project
Nature
Site
Date Completed
Value of Contract
Details of Work
.....
.....
.....
Locality

12. I/We certify that to the best of my/our knowledge and belief the information given in answer to sections I and II and Appendix A,B, and E are correct.

Signature Name
For and on behalf of (Name of Contractor)

Postal Address of Office
.....
.....
.....

Date

Appendix C

Please circle the activities for which registration is required and indicate grade applied for beside it.

CODES/SUB-CODES FOR CONTRACTORS

CODE 01 BUILDING

SUB-CODES

- 01 building construction
- 02 structural steel work
- 03 pre-fabricated buildings
- 04 solar water heating
- 05 high rise buildings
- 06 design and build

CODE 02 ELECTRICAL

SUB-CODES

- 01 general installations
- 02 overhead low tension reticulation
- 03 overhead high tension reticulation
- 04 high tension sub-station works
- 05 power generating systems
- 06 fire detection systems
- 07 earthing and lightning protection
- 08 machinery and control systems
- 09 security systems
- 10 lifts, hoists and escalators
- 11 photovoltaic systems
- 12 airfield lighting
- 13 electrical fencing

CODE 03 CIVIL ENGINEERING

SUB-CODES

- 01 roads - paved
- 02 roads - unpaved
- 03 regravelling
- 04 road surfacing
- 05 bridges
- 06 road drainage/culverts
- 07 -
- 08 -
- 09 -
- 10 infrastructure - macro
- 11 sewage plants
- 12 railways
- 13 -
- 14 -
- 15 airfields - unpaved
- 16 aerodromes - paved
- 17 -
- 18 -
- 19 -
- 20 dams
- 21 irrigation
- 22 riverworks
- 23 water supplies - major
- 24 water treatment plants

CODE 08 MECHANICAL ENGINEERING

SUB-CODES

- 01 air conditioning front discharge/split units
- 02 central airconditioning systems
- 03 ducting and ventilation systems
- 04 operation and maintenance of front discharge/split units
- 05 operation and maintenance of central airconditioning systems
- 06 liquid petroleum gas installations and equipment
- 07 low pressure hot water systems
- 08 steam and boiler systems
- 09 kitchen equipment installations
- 10 refrigeration installations and cold rooms
- 11 laundry equipment and services
- 12 air compressors and compressed air services
- 13 general fabrication and machine shop services
- 14 sewage pumps and munchers

CODE 09 DRILLING SERVICES

SUB-CODES

- 01 rotary/hammer/air
- 02 mud drilling
- 03 cable tool
- 04 test pumping
- 05 hydrofracturing
- 06 borehole development

CODE 10 WATER ENGINEERING SERVICES

SUB-CODES

- 01 village water supplies/reticulation
- 02 storage tanks
- 03 borehole equiping
- 04 photovoltaic pumping systems
- 05 radio/telemetry

CODE 13 FENCING-BUILDING (100 % CITIZEN)

SUB-CODES

- 01 ordinary
- 02 security

14 ROADS - ANCILLARY WORKS

SUB-CODES

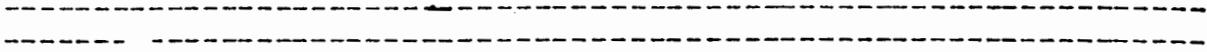
- 01 marking
- 02 signs
- 03 fencing (100% citizen)
- 04 guard rails/kerbing

/3.

CODE 15 CIVIL AVIATION/METEOROLOGICAL ELECTRONICS

SUB-CODES

- 01 navigational aids
- 02 aeronautical communications
- 03 aviation meteorology



Appendix D

CONTRACTORS' CEILING VALUES IN PULA AS AT 1 APRIL 1992

BUILDING CODE 01

sub-codes	Gr.OC	Gr.A	Gr.B	Gr.C	Gr.D	Gr.E
01	150 000	450 000	900 000	2 000 000	4 000 000	Unlimited
02	NIL	..	..	..	..	..
03	NIL	..	..	..	..	..
04	NIL	50 000	100 000	250 000	500 000	..
05	NIL	NIL	NIL	NIL	4 000 000	..
06	NIL	NIL	NIL	NIL	4 000 000	..

ELECTRICAL CODE 02

01	20 000	60 000	150 000	300 000	600 000	..
02 to 13	NIL	60 000	150 000	300 000	600 000	..

MECHANICAL ENGINEERING CODE 08

01 to 14	20 000	60 000	150 000	300 000	600 000	..
----------	--------	--------	---------	---------	---------	----

DRILLING SERVICES CODE 09 - All sub-codes are as follows:-

Gr.A	Gr.B	Gr.C	Gr.D	Unlimited
50 000	100 000	250 000	500 000	Unlimited

WATER ENGINEERING SERVICES CODE 10 - All sub-codes are as follows:-

Gr.A	Gr.B	Gr.C	Gr.D	Unlimited
50 000	100 000	250 000	500 000	Unlimited

FENCING - BUILDING CODE 13 - All sub-codes are as follows:-

Gr. A	Gr.B	Gr.C	Gr.D	Unlimited
50 000	100 000	250 000	500 000	Unlimited

ROADS - ANCILLARY WORKS CODE 14 All sub-codes are as follow

Gr.A	Gr.B	Gr.C	Gr.D	Unlimited
50 000	100 000	250 000	500 000	Unlimited

CIVIL AVIATION/METEOROLOGICAL ELECTRONICS - CODE 15

Gr.A	Gr.B	Gr.C	Gr.D	Unlimited
50 000	100 000	250 000	500 000	Unlimited

CIVIL ENGINEERING CODE 03

Gr.A	Gr.B	Gr.C	Gr.D	Unlimited
1 000 000	5 000 000	10 000 000	20 000 000	Unlimited

n.b. a "NIL" against the ceiling value of a particular grade means that registration will NOT be considered for that grade

APPENDIX E

ATTESTED STATEMENT OF BENEFICIAL
SHARE HOLDING

a) Details of shareholding/ownership (Attach attested copies of the share certificates).

i) Name

Address

.....

.....

No. of paid up shares held Unit Value

Value of paid up shares

Percentage held of total paid up shares%

ii) Name

Address

.....

.....

No. of paid up shares held Unit Value.....

Value of paid up shares

Percentage held of total paid shares%

Nationality

iii) Name

Address

No. of paid up shares held Unit Value.....

Value of paid up shares

Percentage held of total paid up shares%

Nationality

iv) Name

Address

.....

.....

No. of paid up shares heldUnit Value

Value of paid up shares held

Percentage held of total paid up shares%

Nationality

b) The shareholding given MUST be attested by a Commissioner of Oaths

Name of Commissioner of Oaths

Address

.....

.....

Telephone No. Telefax No.

Signature of Commissioner of Oaths

Date

**Ag 2. Ministry of Local Government Lands
and Housing contractors registration
application form**

Telephone: 352091/354322, 354251
 Telegrams: MERAFFE
 Telefax: 352384, 308611
 Reference: LGA/4/41



REPUBLIC OF BOTSWANA

Department of Local Government and
 Development
 Ministry of Local Government,
 Lands and Housing,
 Architectural and Building Unit,
 Private Bag 006,
 Gaborone.

**APPLICATION FOR REGISTRATION/UPGRADING/RENEWAL OF A COMPANY
 WITH THE DEPARTMENT OF LOCAL GOVERNMENT AND DEVELOPMENT, MINISTRY OF
 LOCAL GOVERNMENT, LANDS AND HOUSING FOR BUILDING CONSTRUCTION**

3. APPLICATION FORMS, DULY FILLED IN ALONG WITH THE NECESSARY PHOTOCOPIES OF DOCUMENTS AND REFERENCES SHOULD BE SENT TO THIS DEPARTMENT BY POST OR IN PERSON TO ARCHITECTURAL AND BUILDING UNIT, ROOM 251, SECOND FLOOR OF THIS MINISTRY.

FOR OFFICIAL USE ONLY			
	<i>1st Registration</i>		
Date Received:			
Date Considered:			
Certificate Number:			
Category:			
Value of Works:			
Signatures of Board Members:			

- | Application for Category | value in Pula |
|----------------------------|---------------|
| <input type="checkbox"/> 1 | 75,000 |
| <input type="checkbox"/> 2 | 150,000 |
| <input type="checkbox"/> 3 | 300,000 |
| <input type="checkbox"/> 4 | 450,000 |
| <input type="checkbox"/> 5 | 600,000 |
| <input type="checkbox"/> 6 | 900,000 |
| <input type="checkbox"/> 7 | 1,500,000 |
| <input type="checkbox"/> 8 | 3,000,000 |
| <input type="checkbox"/> 9 | 3,000,000 + |

The Company

Name and Postal Address of Company:

.....

(Change of Address should be communicated immediately to the Director, Local Government and Development)

Telephone No:(Off).....(Res)

Telefax Number:

Location of the company:

Plot No./City/Town/Village/Ward

.....

1.4 *Name, designation, qualifications and Citizenship of Directors and Identity Card/Omang/Passport Number:*

<i>Name</i>	<i>Designation</i>	<i>Qualifications*</i>	<i>Nationality</i>	<i>I.D. No./ Passport No./ Omang</i>

*Please attach copies of certificates and identity card/Omang/Passport.

1.5 *Name of any associated company: (Please Submit proof)*

.....

1.6 *Status of Firm:*

Limited Company Limited Partnership

Ordinary Partnership Other (specify)

1.7 *Ownership of Company (Answer: Yes or No):*

100% Citizen Owned:

50—75% Citizen Owned

25—50% Citizen Owned

Less than 25% Citizen Owned

Non Citizen Owned

2. *Existing Registration (if applicable)*

2.1 *Company Registration Number and date, with Registrar of Companies*

(Attach photocopies of Form 2, 3 and 5 showing the names of Directors and their citizenship, name of share holders and the respective share holding percentage of the share holders)

2.2 *Is the company registered with the Government of Botswana Central Tender Board, and in what category?*

.....
 (Attach photocopy of certificate)

3. *References*

Name and Address of Company's Bank and/or Financial Institute references and building material suppliers etc. Please attach copies of evidence.

.....

Previous Defaults:

Please state if the company or any of its owners or directors, shareholders, have been involved with default of work, bankruptcy, litigation, liquidation or have been sentenced for a criminal offence, whether with this company or any previous one.

Yes/No:.....

If the answer is yes, please give details below:

.....
.....
.....
.....

A. Has any of the owner/directors, shareholders, owned any construction company or have any interests in any other company?

Yes/No:

If the answer is yes, please give details below:

.....
.....

Permanent Employees:

1 Number of administrative employees: Total:.....

2 Number of Artisans and Type — Total.....

Masons: Carpenters:

Painters:

Plumbers: Electricians:

Unskilled: Others:

(Please submit photocopies of Trade Test Certificates/Experience)

3 Number of technical employees and type, total:.....

(Please submit Photocopies of Degree, Diploma, Certificate etc)

4 Numbers of professional staff and type: — Total:.....

(Please submit photocopies of Degree, Diploma, Certificates etc.)

5 No. of Principals and Senior Staff:

.....
(Please give details in Appendix A)

Capital Investment

1 Funds in the Bank: P.....
(Please attach copy of latest Bank Statement)

2 Equipment (Vehicles and Plant) — Value P.....
(Please give details in Appendix C)

3 Workshops, Office, buildings, etc. — Value P.....
(Please submit proof and details)

4 Any other Assets (Please submit Proof and details) Value

5 Any other activities/services (Please submit Proof and details) Value P.....

7. Please list any three referees who can vouch for your company and are known to Local Authorities, this Ministry, Tshipidi Badiri Builders Association, P.O. Box 40450, Gaborone, (Plot 5643, Nakedi Road, Broadhurst Industrial Area, Gaborone) or any other Traceable Reference.

Name	Box No.	City/Town/Village	Designation
1.			
2.			
3.			

I/we certify that the information provided herein and in the attached appendices A, B, C and D is true to the best of my/our knowledge and belief. It is understood that insufficient and inaccurate information, may result in non-registration or in the award of a lower grading. The conditions of registration have been read, and it is agreed that changes in any information provided in the application, will be promptly communicated to the Director, Local Government and Development, MLGLH, Architectural and Building Unit, in writing.

Signature:..... Name:.....

for and on behalf of(Company)

.....(Address)

Date:.....

Company Seal, if any:

CONDITIONS OF REGISTRATION

Note: If approved, the contractor will be registered subject to the following terms and conditions.

- (a) The registration is valid for a maximum period of three years from the date of issue of the certificate of registration. It may, however, be renewed after due submission of application for renewal.
- (b) The category of registration may be raised or lowered at any time by the Director, Local Government and Development, MLGLH, should the Director consider that a contractor's performance has altered sufficiently to warrant such a change of category.
- (c) The registration of a company may also be revoked or suspended if it is found that false or incorrect information was supplied for its registration, or if the company is found to have defaulted, on building contracts, or has been liquidated financially.
- (d) That the Director Local Government and Development, MLGLH, reserves the right to withdraw, suspend or otherwise modify the registration of a company, at its sole discretion and without assigning the reasons for such action to the company concerned.
- (e) For the purpose of upgrading, there will be a minimum waiting period of 6 months.

APPENDIX — D (BUILDINGS)

(FOR EACH CONTRACT, SEPARATE FORM TO BE FILLED)

DEPARTMENT OF LOCAL GOVERNMENT AND DEVELOPMENT, MINISTRY OF LOCAL GOVERNMENT,
LANDS AND HOUSING, PRIVATE BAG 006, GABORONE

QUESTIONNAIRE FOR PRIVATE CONSTRUCTION

To be filled in by the employer and the contractor

Type of Building: House/Commercial Building/Warehouse/Factory or Specify.....

Plinth area of the Building.....

Plot No./Ward/Village/Town/City.....

Location of the building and.....

Plot No./Ward/VillageTown/City.....

Total cost of construction P.....

Cost of this contract P.....

Was it a labour contract only? Yes/No If yeas indicate the cost—
.....

Was it a sub-contract, if yes indicate the cost P.....

General specification (type of walls, floor, roof, etc).....

Date of commencement of the contract.....

Date of completion of the contract.....

Was the contract completed in time and as agreed? Yes/No

Was any agreement made in writing? Yes/No

Name and address of the Engineer/Architect/Draughtsmen who designed the project at 1 above.....

How were the payments made? Cash/Cheque

How many payments were made? (specify Nos.)

Total payments P.....

Was any loan obtained from B.B.S./Bank or any Financial Institution, if yes, please furnish proof?

Please indicate the quality of workmanship? Good/Fair/Poor

Any other comments.....

Full name & signature of

Employer/client.....

Address:.....

City/town/village/ward.....

Date:.....

Full name &, signature of the contractor

.....

Address:.....

City/town/village/ward.....

Date:.....

For any works exceeding P25,000, kindly provide the working drawings (commonly referred to as plans) as supporting documents.

**Ag. 3 Ministry of Local Government Lands and
Housing classification criteria**

MINISTRY OF LOCAL GOVERNMENT, LANDS & HOUSING

REGISTRATION OF BUILDING CONTRACTORS

PROPOSED CLASSIFICATION CRITERIA

June, 1993

CATEGORY	1	2	3	4	5	6	7	8	9	
VALUE - Pula	75,000	150,000	300,000	450,000	600,000	900,000	1,500,000	3,000,000	3,000,000+	
1. Registered Co: (Trading Style Co.)	N	Y	Y	Y	Y	Y	Y	Y	Y	
PTS	0	1	1	1	1	1	1	1	1	
2. Min. Years of Experience (after formation of Co.)	1	2	3	4	5	6	7	8	9	
PTS	1	2	3	4	5	6	7	8	9	
3. Min. Financial Backing (*)	7,500	15,000	30,000	45,000	60,000	90,000	150,000	300,000	500,000	
PTS	1	2	3	4	5	6	7	8	9	
4. Min. No. of Artisans	1	2	4	6	8	10	12	14	16	
PTS	0	1	2	3	4	5	6	7	8	
5. Min. No. Technical Staff	0	1	2	3	4	5	6	7	8	
Min. No. Technicians	0	1	2	3	4	5	6	7	8	
6. Min. No. Professional Staff	0	0	0	0	0	1	2	3	4	
PTS	0	0	0	0	0	2	4	6	8	
7. Min. No. Concrete Mixers(1)	0	1	2	3	4	5	6	7	8	
PTS	0	1	2	3	4	5	6	7	8	
8. Min. No. Vehicles (2)	1	2	4	6	8	10	12	14	16	
PTS	1	2	4	6	8	10	12	14	16	
9. Other Equipment - Value(3)	7,500	15,000	30,000	45,000	60,000	90,000	150,000	300,000	500,000	
PTS	1	2	3	4	5	6	7	8	9	
10. Value of Previous Works(4)	20,000	75,000	150,000	225,000	300,000	450,000	750,000	1,500,000	2,000,000	
PTS	3	5	7	9	11	15	18	25	30	
11. Ave. Turnover per annum	75,000	150,000	300,000	450,000	600,000	900,000	1,500,000	3,000,000	+3,000,000	
PTS	1	2	3	4	5	6	7	8	9	
12. Board's Assessment(5)	1	2	3	4	5	6	7	8	9	
PTS	2	2	3	4	5	6	7	8	9	
Total Points:	PTS	10	21	33	45	57	73	88	107	124
MINIMUM TOTAL POINTS:		10	20	30	40	55	70	85	105	120

(1) On basis of small (75l) mixers; large (250l) ones count as 2.

(2) On basis of small (1T) trucks; large ones (5T+) count as 2.

(3) Excluding mixers, trucks and other vehicles not including tools.

(4) Value of single Contract or if more than one on condition that they ran concurrently.

(5) One basis of manner of completing Application Form - as a measure of ability to understand specified requirements.

(*) An assessment will be made on basis of fixed assets, etc; in case of difficulty Banker's opinion will be sought.