

Tekwakha

CONSTRUCTION INDUSTRY COUNCIL OFFICIAL NEWSLETTER

2020 SEPTEMBER



Registration



Compliance and Monitoring



Research & Training

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CONSTRUCTION INDUSTRY COUNCIL OFFICIAL NEWSLETTER

Forward

Welcome to the Council's third newsletter edition covering the period January to June 2020. We bring you this issue to provide you with registration statistics thus far and keep you updated on our latest news.

In this Issue

Registration

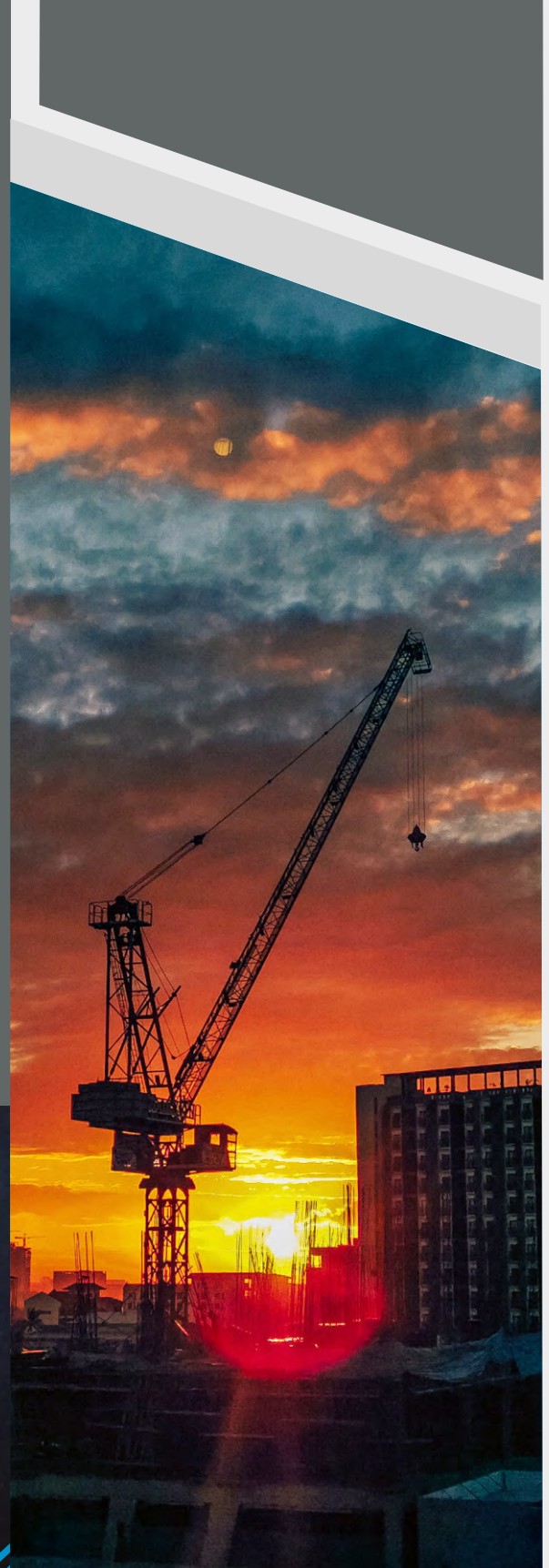
- Contractor registration
- Project registration

Compliance and Monitoring

- MoU signing with Ezulwini Municipal Council and Eswatini Bank

Research and Training

- Internship policy
- Ease of doing business
- Impact of COVID-19



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OVERVIEW

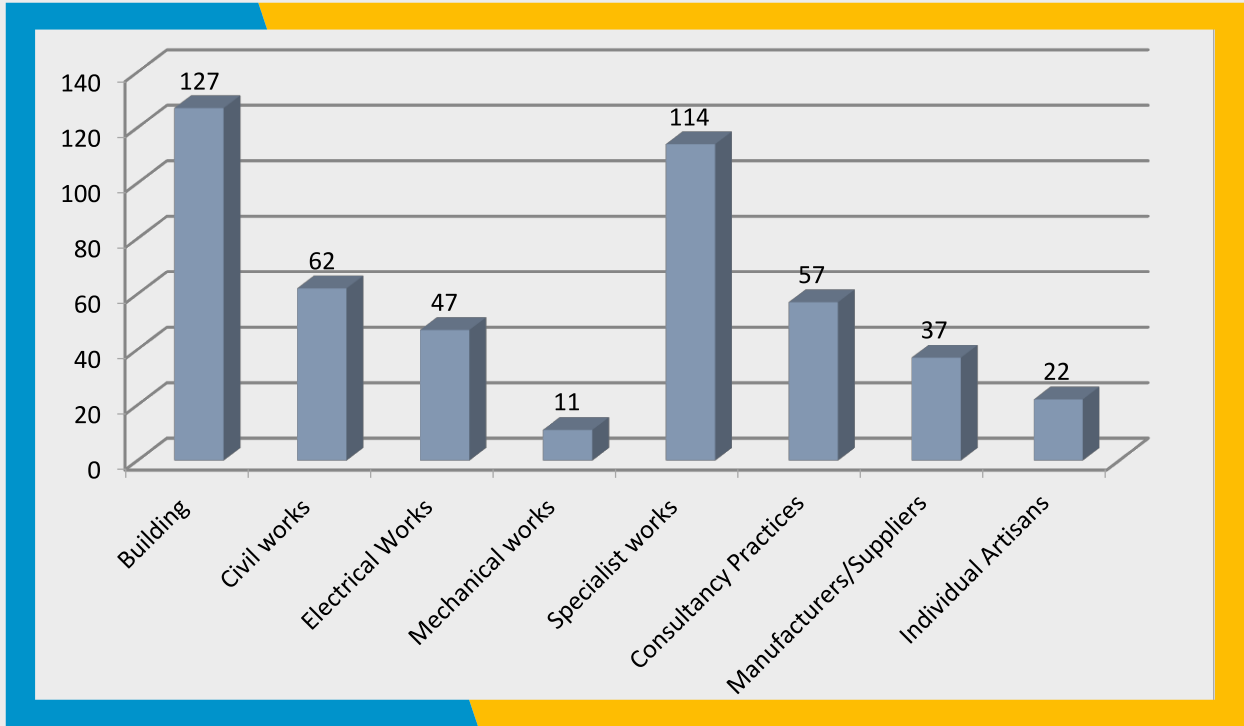
OVERVIEW - REGISTRATION STATISTICS

During the period (March-June) of the financial year 2020/2021 a total of **477 contractors** were registered representing the different works disciplines; General Building Work, General Civil Works, General Electrical Works, General Mechanical Works, Specialist Works, Individual-Artisans, Manufacturers & Suppliers, Consultancy Practices and Joint Ventures.

477
contractors

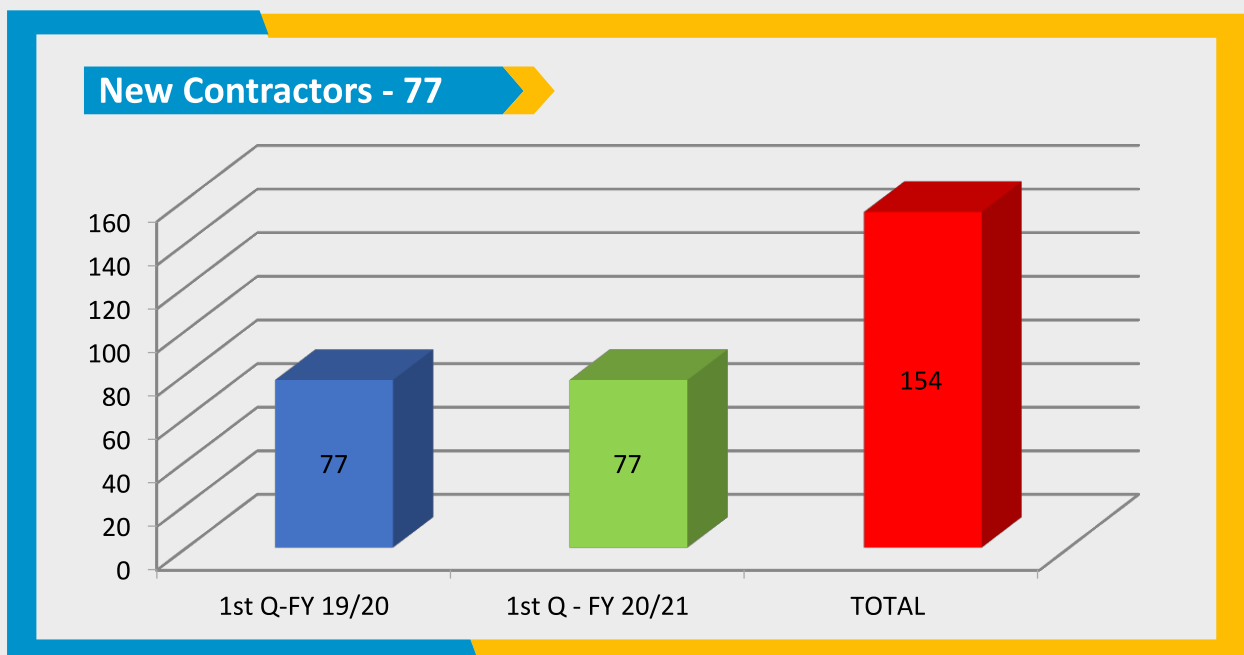


Figure 1 TOTAL REGISTRATIONS PER CATEGORY



The figure above shows the number of contractors registered in the different categories. The total number of contractors registered comprises of renewals and newly registered contractors, of which out of the **477** registered contractors **77** contractors have registered for the first time with the Council and the remaining 400 are renewals.

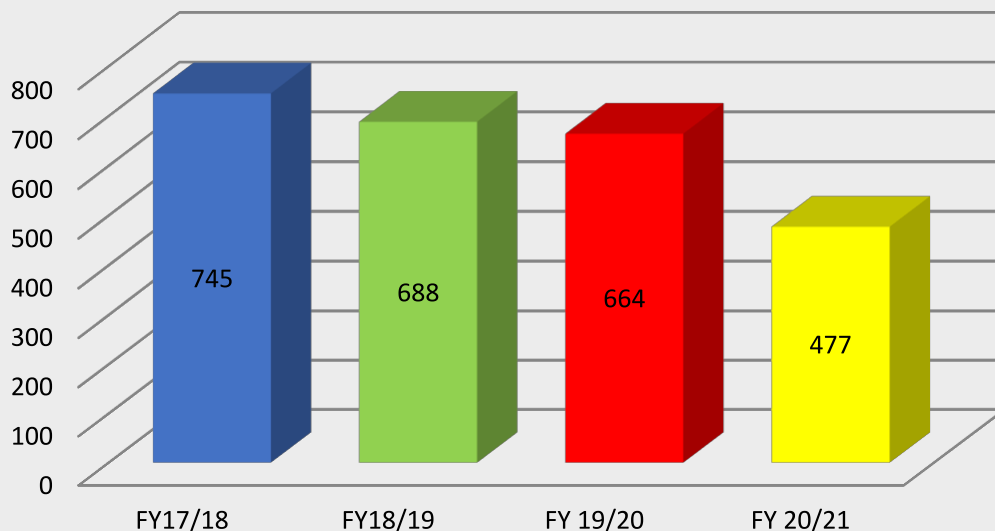
Figure 2 NEW REGISTRATIONS



The figure above shows the number of new contractors in the 1st quarter in comparison with the same period in the previous financial year. This shows that there is still interest in entrepreneurs to venture into construction, making it a viable and attractive industry to invest in.

Figure 2.1 QUARTER 1- REGISTRATIONS

1st Quarter Comparisons



The figure above shows a comparison of registrations at the same period in the four consecutive years. Registrations/renewals continue to decline due to a number of reasons that include:

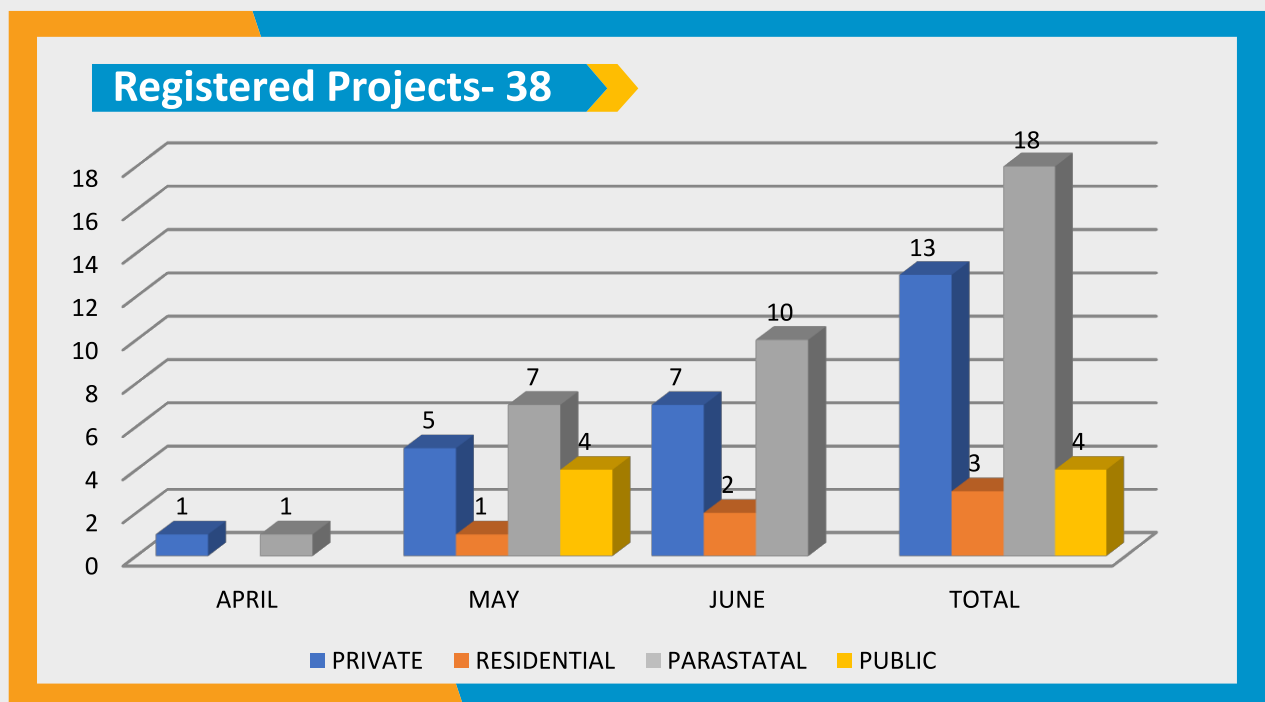
- Contractors are motivated to renew their CIC certificates when there are tenders, they are interested to apply for. The number of projects have since declined in the past years to date leading to less contractors coming back to renew.
- The current status of the economy and decrease in government spending on projects also limits contractors' efforts to comply by registering their businesses.
- The pandemic has also contributed in limiting construction works due to unavailability of materials and other factors that affect the economy leading to a decline in economic activity.
- A number of contractors have reported delays and non-payment for work commissioned by government. They have stated that it affects their business operations.

PROJECTS REGISTRATION

Figure 3 PROJECTS REGISTERED MONTHLY

	APRIL	MAY	JUNE	TOTAL
PRIVATE	1	5	7	13
RESIDENTIAL		1	2	3
PARASTATAL	1	7	10	18
PUBLIC		4		4
TOTAL	2	17	19	38

Figure 3.1 REGISTERED PROJECTS



The figures above shows the number of projects registered in each month during the quarter. A total of **38** projects registered with a high number in May due to the start of certificates renewal thus most contractors were declaring projects. The public sector is more involved in construction mostly through projects implemented by Microprojects.

Compliance and Monitoring

The Council is currently on an on-going process to establish a Memorandum of understanding with various stakeholders as a means to improve compliance and foster relations to assist in the implementation of legislation.

During this period the Council has established the following MOUs:

Date signed	Institution	Objective
March 2020	Ezulwini Town Council	The Council realised the importance of the establishment of communication between CIC and Municipalities in Eswatini, in efforts to improve compliance and implementation of the various pieces of legislation. During this period the Council signed an MoU with Ezulwini Town Council.
March 2020	Eswatini Bank	The purpose of the MOU is for the provision of guidelines to ensure improved access to finance, provision of support on financial management and improved financial sustainability in contractors business operations.





On Business Development

Participation in World Bank (WB) Ease of Doing Business process

The Council has been identified as an important contributor to improving the Ease of Doing business in Eswatini, due to its role as a regulator and implementing agent. The Council coordinated meetings with relevant stakeholders aimed at discussing issues related to the Construction sector World Bank indicator which is the "dealing with Construction Permits" indicator. This was done in support of Government's efforts to improve ease of doing business in the construction sector. Furthermore, during the meeting, barriers (related to World Bank indicators) on doing business in construction were identified and solutions were recommended on how to improve ease of doing business in construction. Participating stakeholders included contractors, the Municipal Council of Mbabane, Eswatini Water Services, Eswatini Environmental Authority and the Investor Road-Map Unit (IRM Unit).).



On Training

Internship Policy

The Council has developed an internship policy for the industry which was finalised in April. The exercise involved engagement of industry stakeholders in an effort to ascertain challenges and opportunities related to effective placement and development of interns who are mainly graduates from higher educational institutions and Technical and Vocational Education and Training (TVET) institutions.

The purpose of the internship policy was to ensure the Council achieved the following:

- Improved collaboration with institutions of higher learning and TVET institutions to ensure effective implementation of internship programmes.
- Maintain a database of available skills and conduct a needs assessment on skills required by industry at any given period of time.
- Create a conducive environment and facilitate the attachment of interns in line with the required skills.
- Facilitate effective collaboration between institutions of higher learning, TVET institutions and construction industry business enterprises to improve curriculum standards.

Stakeholders further raised concerns on a number of issues that needed to be addressed for effective implementation of the policy and are highlighted as follows:

Emerging Issues:

- The poor quality of education for students enrolled in local institutions is attributed to poor structure of curriculum and lack of practical experience by lecturers.
- Internship policy cannot be successfully implemented without addressing the quality of interns as produced by higher learning and TVET institutions.



On Research

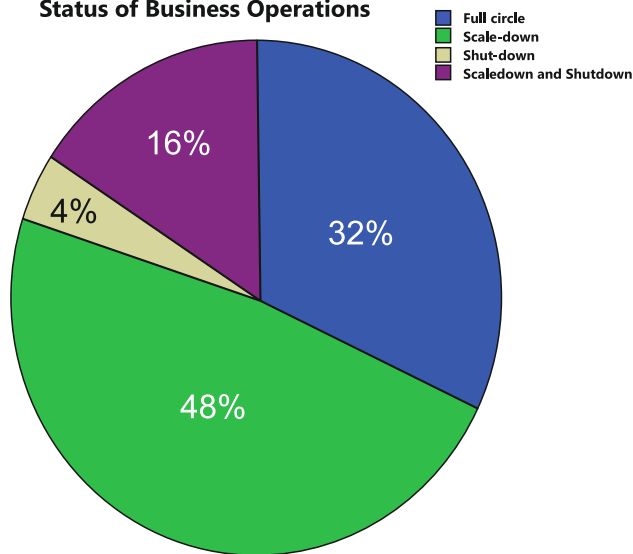
Impact of COVID-19 on Construction industry survey

A short study on impact of COVID on the industry was conducted by the Council with the aim of ascertaining its effect on the industry and provide information to stakeholders of the situation that pertained on the ground. The study covered the period May-June 2020. Important to note is that at the time the study was undertaken, industry players were uncertain on what to expect and how the pandemic would continue to unfold. Hence, they could not provide definitive responses on some of the questions that include impact on financing and on future plans.

The following findings were made;

1. Impact of COVID-19 had an effect in terms of the following; (i) decline in pre-COVID-19 employment levels, (ii) halting and slower progress on implementation of most projects, (iii) rising prices of construction materials and (iv) logistical challenges when sourcing materials from both local and external suppliers.

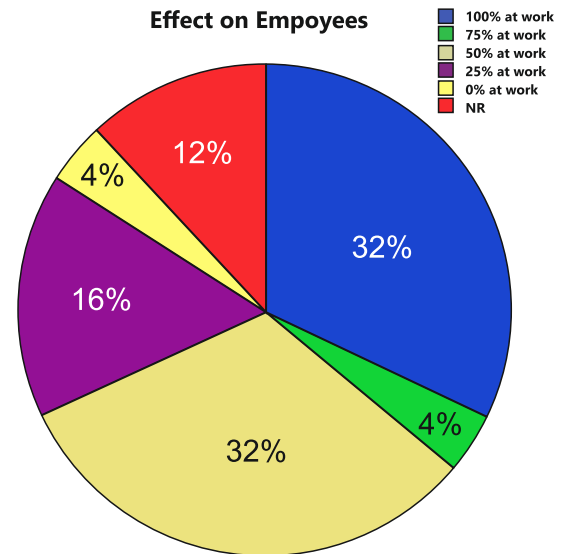
Status of Business Operations



Of the surveyed contractors and consultants' construction companies, 32% were operating at full scale, while 48% reported to have scaled down their operations. Scaling down of operations implies that businesses were operating at less than full scale (within the 25%-75% operation capacity).

Furthermore, 16% of construction businesses reported that when COVID-19 was first declared as a national emergency by Government, they shut down operations but had eventually and gradually resumed partial operations at the time of survey. However, only a few surveyed companies (4%) had completely shut down.

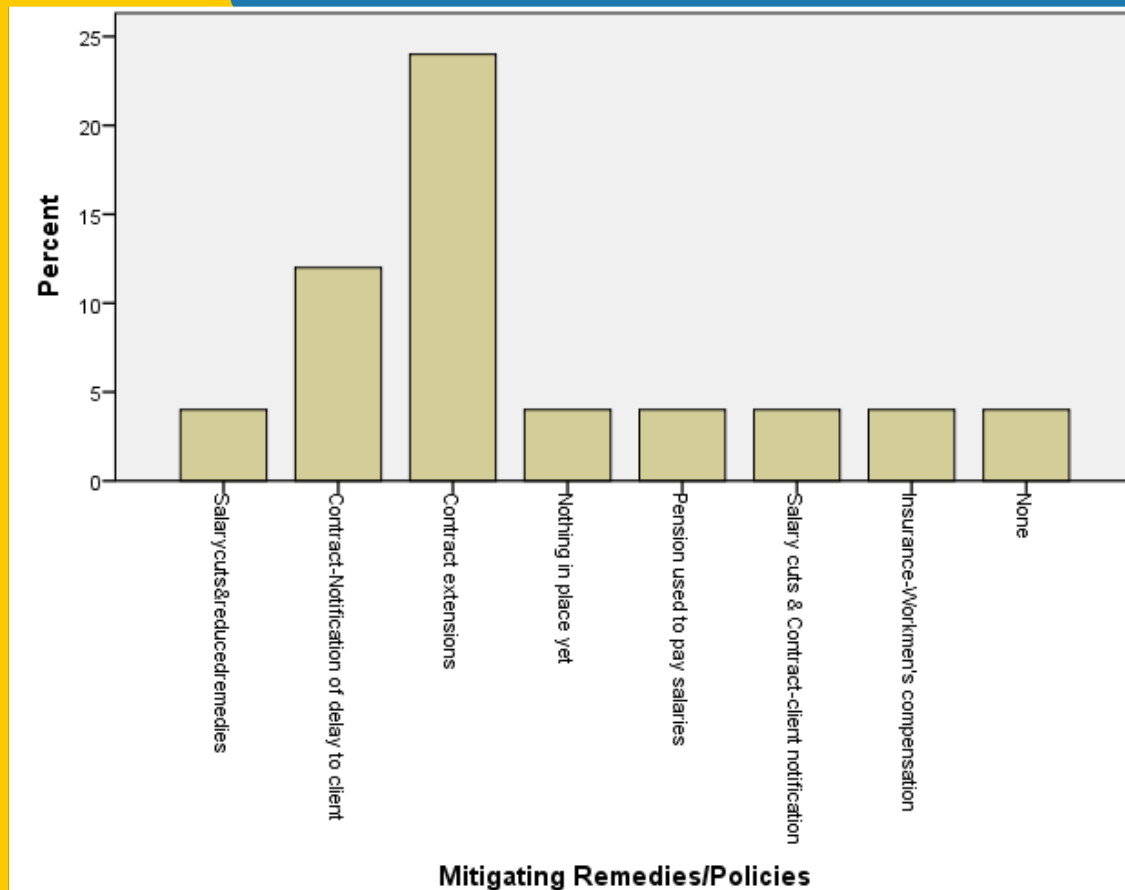
Effect on Employees



Analysis of surveyed companies reveals a mixed response in terms of the effect of COVID-19 pandemic on employment. 32% of companies had not affected any retrenchments from pre-COVID-19 staff complement and these are companies who were operating at full operational capacity. In addition, 32% of businesses have shed off 50% of pre-COVID-19 total staff complement, 16% of businesses had shed off 75% of pre-COVID-19 total staff complement, while 4% of businesses had shed off 25% of pre-COVID-19 total staff complement. Only 4% of businesses had shed off the full pre-COVID-19 complement as they had completely shut down.

1. In response to the negative impact, contractors made efforts to adjust for the effects of the pandemic, hence companies implemented various measures including effecting salary cuts, notifying clients on project delays, adjusting project schedules and activating insurance provisions.

Figure 4 below illustrates Contractors' proposed measures to assist mitigate the impact of COVID-19 which would be mainly implemented by CIC and Government entities;



The full report can be accessed on the link below

https://www.cic.co.sz/media/publications/Report_Impact_of_COVID-19_on_Construction_Sector.pdf

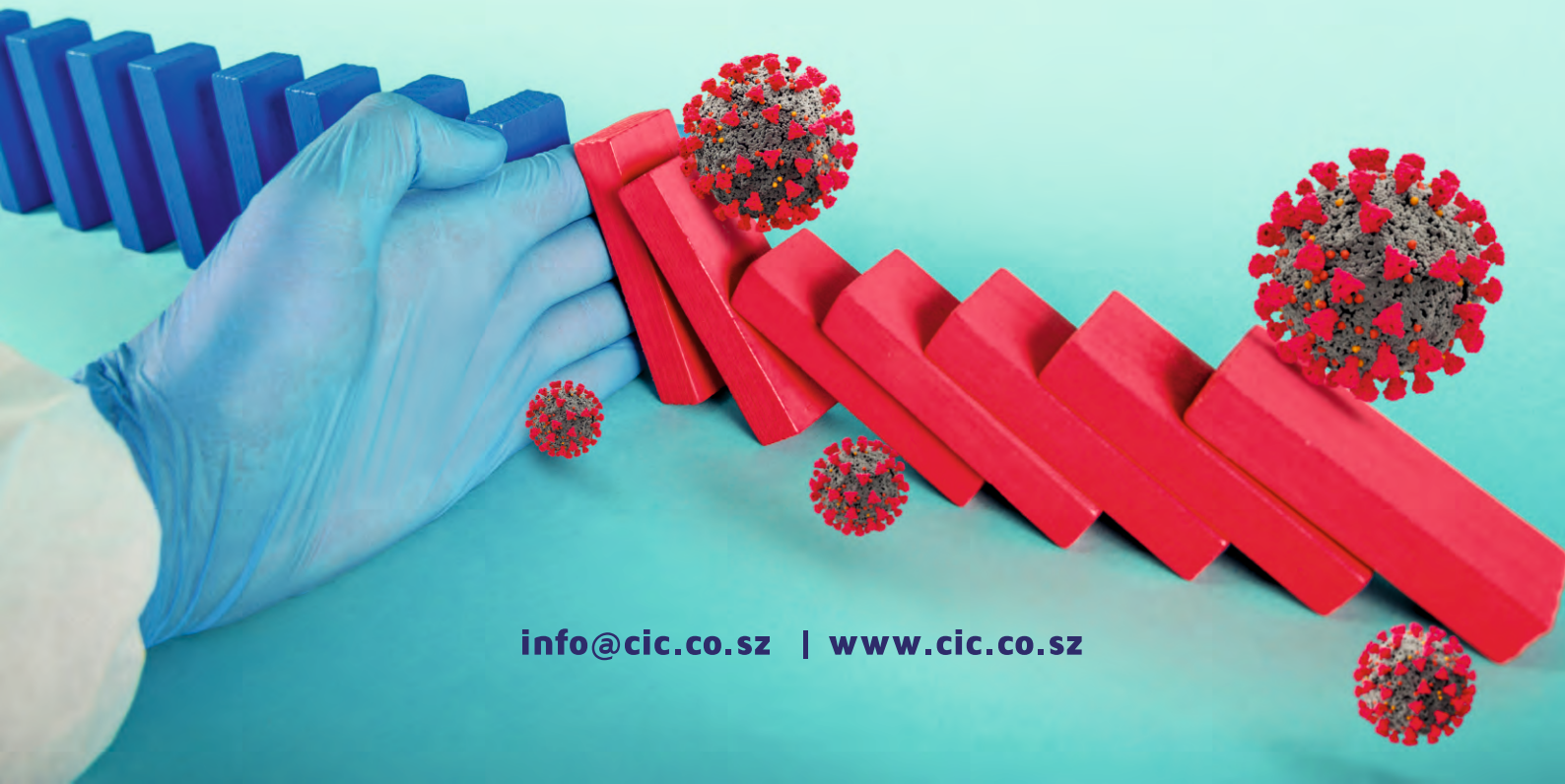
Side note:

Amid on-going concerns about the COVID-19, the Council has taken the necessary precautions to ensure the safety of our clients and employees by adhering to guidelines from the Ministry of Health and the World Health Organisation.





*Together
we can stop
the spread
of Covid-19.*



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