



Eswatini Construction Industry Performance Report 2019/20-2021/22



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Acronym

Acronym	Full-Term
CIC	Construction Industry Council
MOPWT	Ministry of Public, Works and Transport
MEPD	Ministry of Economic Planning Development
MOH	Ministry of Health
ESWADE	Eswatini Water and Agricultural Enterprise
ENPF	Eswatini National Provident Fund
ESA	Eswatini Sugar Association
ERS	Eswatini Revenue Services
EIPA	Eswatini Investment Promotion Authority
FNB	First National Bank
EEC	Eswatini Electricity Company
SME	Small and Medium Enterprise
GDP	Gross Domestic Product
B	Building Works
C	Civil Works
E	Electrical Works
M	Mechanical Works
M/S	Manufacturer and Supplier
BSi	Scaffolding, Cladding and Insulation Works
BSk	Flooring Works
BSq	Sign Craft Installation Works
BSj	Fencing Works
BSe	Structural Steel Fabrication, Fixing and Erection Works
CSe	Drilling Works
CSb	Road Signage and Marking Works
CSj	Fencing Works
MSj	Specialized Mechanical Systems Works
MSa	Air-conditioning, Refrigeration and Ventilation Systems Works
MSk	Sand, Shot, Grit Abrasive Blasting Works
MSd	Specialized Plant and Petro-Chemical Works
ESb	ICT and Electronic Systems Installation Works

1. Introduction

1.1 Background

The Construction Industry Council (CIC) mission is to regulate, develop, and promote the construction industry for all stakeholders' benefit through the development of regulations and ensuring compliance, research, development, capacity building, and stakeholder engagement, thus improving the socio-economic status of the country. Historically, the local industry has been dominated by a large number of foreign companies and a few Eswatini contractors. However, since the establishment of the Council, the construction industry has experienced an increased participation of local contractors relative to foreign contractors in infrastructure development in terms of construction works and value of construction contract awarded by local project owners. The report sheds light on the overall performance of the construction industry and distribution in terms of employment levels, skills availability, skills shortages, female representation, youth representation, foreign vs local participation and financial capability/ market share.

1.2 Objectives of the Report

The objective of the report is to assess the performance of the construction industry as a whole and to understand the different dynamics that influence performance of project owners, contractors, consultants and manufacturers and suppliers for the 2019/20 -2021/22 period. The information provided in the report will inform and assist stakeholders on the following: -

- Understand and track indicators that inform industry performance.
- Understand construction activities of stakeholders participating in the industry.
- Enable policy makers and businesses to make sound decisions.

2. Methodology

A sample survey was undertaken whereby primary information was collected from selected companies who included project owners, contractors, consultants, manufacturer and supplier and artisans for the period covering 2019 - 2021. Primary data was collected through questionnaires and telephonically. Secondary data was sourced from the Council's internal database and included industry revenue and contractor registration figures. The results are representative of the total industry performance.

3. Industry Performance

3.1 Performance of Construction Companies by Category

During the period under review, most construction works were awarded to contractors participating under building works followed by those under civil works. The only construction works that showed an increase in the value of contract over the 3-year period were under building works. Between 2019 to 2020, building works' value of contract share alone increased by 7% even though the number of contractors awarded work decreased by 5%; and from 2020 to 2021, there was a further 8% increase of contractors awarded work under same at an increased contract value of 42%. During the year 2020, there was a decline in the number of construction works awarded for in all categories listed in table 1 when compared to the previous year (2019); for instance, building works declined by 9% whilst civil works declined by 14% owing to the prevalence of COVID-19. Major construction works undertaken in 2019 and 2020 included the following: -

- Ministry of Public Works and Transport (MoPWT)- construction of golf course interchange; Mbadlane-Manzini Lot 2.
- Clinix Health Group- construction of Ezulwini Referral hospital.
- Ministry of Economic Planning and Development (MEPD)- extension of bulk earthworks and civil works for ICC and FISH; construction of kaGcina Sewing factory, construction of Governement flats in Matsapha.
- Asakhiwe/ENPF-Construction of Buhleni Plaza.
- Eswatini Sugar Association- VHP warehouse at Ubombo Sugar Mill.
- Eswatini Revenue Service- construction of Mananga border post.
- Zara Investments- construction of Manzini Mall Phase 2.
- Mchalageni Development Company- construction of the Infrastructure for Sibonelo Township.

In 2021 however, all local construction works except for foreign works increased. Under the leading building works, the number of construction works awarded increased from 16% in 2020 to 58% in 2021 supported by COVID related policy stance that construction works should continue as the industry was deemed to be rendering an “essential service” by the Government.

The overall hike in construction works observed between the year 2020/21-2021/22 in graph 1 was as a result of moving from an initial halt in operations during the earlier stages (2019/2020) of advent of COVID to commencement of operations in a number of constructions works with projects that included but not limited to the following: -

- Ministry of Public Works and Transport (MoPWT) - completion of the remaining Manzini traffic circle to Mbadlane LOT2; construction of Siphambanweni-Nsalitje road; Siteki- Tikhuba road; and Siphocosini-Sigangeni road.
- Eswatini Investment Promotion Authority (EIPA)- Kellogg Tolaram factory.

- The Ministry of Economic Planning and Development (MEPD)-Microprojects COVID 19 project at TB hospital; water harvesting dams.
- Harry (H.I.S) Pty LTD - Matsapha Life Style Shopping Centre.
- Ministry of Health (MoH) - construction of COVID 19 quarantine wards at Siteki.
- FNB - FNB Head Office.
- Conco - Conco Warehouse Expansion.
- AIDS Healthcare Foundation - AIDS Healthcare Foundation clinic and office.
- Eswatini Electricity Company (EEC) - Mankanyane Depot.
- Royal Eswatini Sugar multiple projects - (that include the construction and rehabilitation of sewer ponds at Hambanathi - lot 1, electrical & instrumentation).

The above mentioned are the projects that are included in the sum of contract share for the financial year 2020/21-2021/22. Some of the companies awarded construction works for the above projects in 2021/22 were Construction Associates, Inyatsi Construction, Stefanutti Stocks Swaziland, J&E Constructions, Roots Civils, SR & GZ Construction, Scats Construction, Hydroware Mabili (Pty) Ltd, Sipimpi Investments, D.G.S.R Constrution (Pty) Ltd, Zethu Engineering, Buhle BeLubombo Investments PTY LTD, Grand Obtuse Electrical (Pty) Ltd and Contis Developers.

Graphs 1&2 and Table 1 below show the distribution in terms of the allocation of construction works and value of contract for the 3-year period 2019, 2020 and 2021.

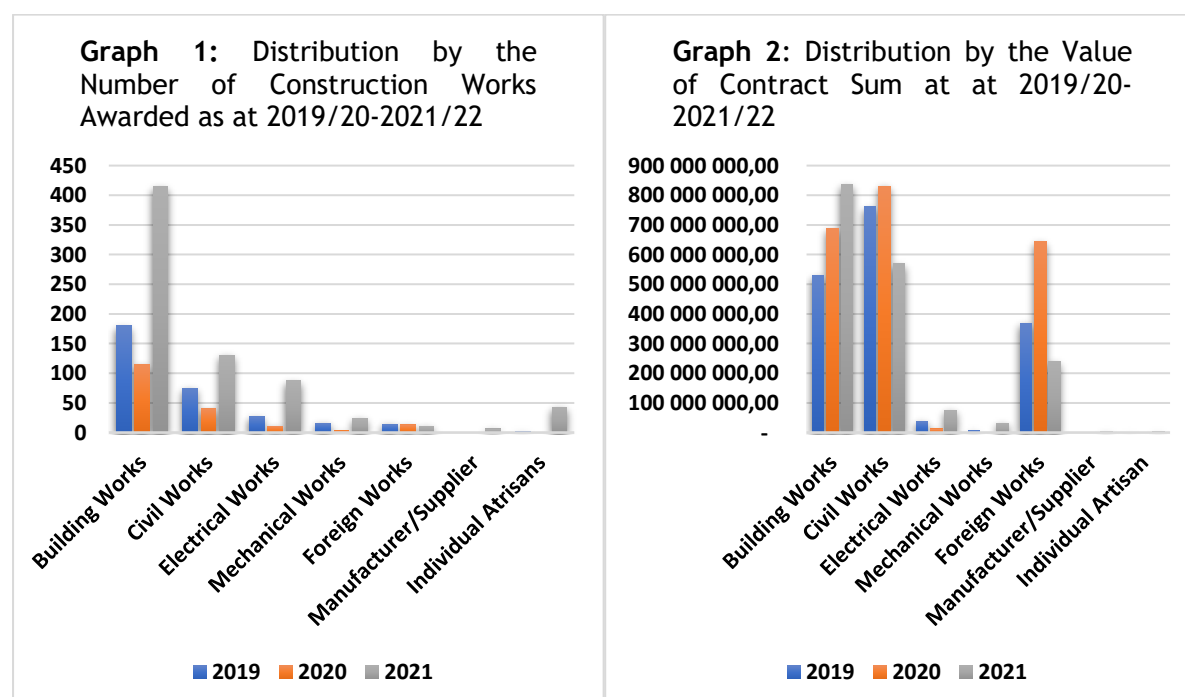


Table 1

Category of Works	Percentage (%) Distribution of Total Construction Works per Category					
	By Contract Value			By Number of Contractors		
	2019	2020	2021	2019	2020	2021
Building Works	26%	33%	41%	25%	16%	58%
Civil Works	35%	38%	26%	31%	16%	53%
Electrical Works	30%	10%	60%	22%	9%	70%
Mechanical Works	18%	1%	81%	37%	7%	56%
Foreign Works	29%	51%	19%	37%	34%	29%
Manufacturer/Supplier	0%	0%	100%	0%	0%	100%
Individual Artisans	38%	0%	62%	4%	0%	96%

*Manufacturing and suppliers' registration compliance is still low, hence, figures in the table may not be a true reflection of actual activity in that category.

3.2 Construction Works and Contract Value per Category

Categories that had the highest number of construction works are shown in table 2 and those that had the largest contract value are shown in table 3:

Building Works were awarded to general building works across the 3 years with leading categories being B3 in 2019 and 2020 and B4 leading in 2021. The leading building specialist works in 2019 were BSe-6 (structural steel fabrication, fixing and erection works), in 2020 and 2021 were BSh-6 (shop fittings, timber and carpentry works). Over the 3-year period, general building works that absorbed the largest contract value were in B1 whilst B5 were the least.

Civil Works were awarded to general civil works across the years with C3 taking the lead for all the 3 years. The leading civil specialist works in 2019 were CSe-4 (drilling works), in 2020 were CSb-5 (road signage and marking works), and CSj-6 (fencing works), CSe-4 and CSb-5 in 2021. The first 2 years saw C1 absorbing the largest contract value and C3 in the last year.

Mechanical Works were awarded to general mechanical works with M4 being the leading category in 2019 and 2021; there was none in 2020. The leading mechanical specialist works were MSj-4 and MSj-1 (specialised mechanical systems works) in 2019, MSa-4 (air-conditioning, refrigeration and ventilation systems works) in 2020, and MSj-1 in 2021. In 2019 M4 had the largest allocation in the contract value whilst in 2021 M3 had the largest.

Electrical Works were awarded to general electrical works across the 3 years with leading categories being E1 in 2019, E3 and E4 in 2020, and E2 in 2021. Electrical specialised works in 2019 were led by ESb-1 (ICT and electronic systems installations

works), in 2020 led by ESb-4 and ESb-1 in 2021. The contract value had the largest allocation under E1 in 2019, E3 in 2020 and E1 in 2021.

The only leading local manufacture and suppliers were under category M/S-7 in 2021 where M/S-5 had the largest contract value allocation.

Table 2 Summary Trends Showing the Highest and Lowest Number of Construction Works per Category for Local Contractors Over 3 Years.

Year Category	2019/20 highest & lowest category		2020/21 highest & lowest category		2021/22 highest & lowest category	
	H	L	H	L	H	L
1. General Building Works Contractors	B3	B4	B3	B5	B4	B5
2. General Civil Works Contractors	C3	C5	C3	C2 C4	C3	C5
3. General Electrical Works Contractors	E1	E2	E4 E3	E2	E2	E3
4. General Mechanical Works Contractors	M4	M3	None	None	M4	None
5. Building Specialist Works Contractors	BSe-6	BSe-1 BSe-2 BSi-6	BSh-6	BSc-3 BSc-6 BSi-6 BSk-6	BSh-6	BSq-6 BSj-6
6. Civil Specialist Works Contractors	CSe-4	CSe-6	CSb-5	None	CSe-4 CSb-5 CSj-6	None
7. Electrical Specialist Works Contractors	ESb-1	ESb-4	ESb-4	ESb-1	ESb-1	ESb-2
8. Mechanical Specialist Works Contractors	MSj-4 MSj-1	MSk-4 MSd-3	MSa-4	MSj-1	MSj-4	MSa-4
9. Manufacturers/suppliers	None	None	None	None	M/S-7	M/S-6

Table 3 Summary Trends Showing the Highest and Lowest Share of Contract Sum per Category for Local Contractors Over 3 Years.

Year Category	2019/20 highest & lowest category		2020/21 highest & lowest category		2021/22 highest & lowest category	
	H	L	H	L	H	L
1. General Building Works Contractors	B1	B5	B1	B5	B1	B5
2. General Civil Works Contractors	C1	C5	C1	C6	C3	C5

3. General Electrical Works Contractors	E1	E4	E3	E2	E1	E3
4. General Mechanical Works Contractors	M4	M3	None	None	M3	None
5. Building Specialist Works Contractors	BSe-6	BSh-6	BSc-6	BSi-6	BSe-6	BSq-6
6. Civil Specialist Works Contractors	CSe-4	CSe-6	CSb-5	None	CSb-5	CSj-6
7. Electrical Specialist Works Contractors	ESb-1	ESb-4	ESb-1	ESb-4	ESb-1	ESb-2
8. Mechanical Specialist Works Contractors	MSj-1	MSd-3	MSa-4	MSj-1	MSj-4	MSj-1
9. Manufacturers/suppliers	None	None	None	None	M/S-5	M/S-7

Table 4 below shows key categories which had major construction activities and the project owners for the 3-year period.

	2019/20	2020/21	2021/22
	Key Categories and Project Owners		
	1. General Building - MoPWT - Clinix Health Group - Microprojects - Buhleni plaza - Pine Acres 2. General Civils - MEPD - Microprojects - Mchalageni - MoPWT 3. Electrical Specialist - MTN - House of Parliament - Ngomane High	1. General Building - ESWADE - Microprojects - EIPA - African Alliance - EEC 2. General Civil - MoPWT - MEPD - B&H Sugar Limited - ECC - World Vision 3. Building Specialist - Various Project Owners - Microprojects - Eswatini Football Association. - MTN - Ubombo Sugar	1. General Building - Microprojects - H.I.S investment - ERIS Property Developers - CONCO - RES Corporation 2. General Civil - Microprojects - MEPD - RES Corporation - ESWADE - MoPWT 3. General Electrical - Microprojects - RES Corp. - Royal Eswatini Airways - Ubombo Sugar - Ezulwini Municipal

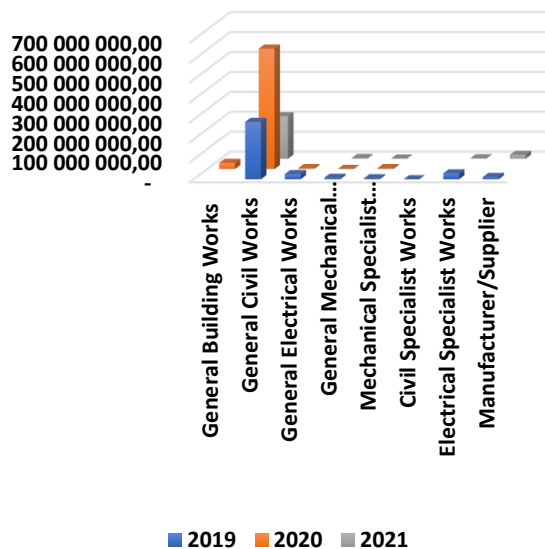
3.3 Construction Industry Market Share

Through market analysis, a qualitative and quantitative assessment of the current market/ construction industry was done using industry data. The following section provides an analysis of the structure of the construction industry in terms of the volume (number of constructions works) and value of the market (share of contract sum), construction categories and their distribution, competition within the industry, and the overall economic environment.

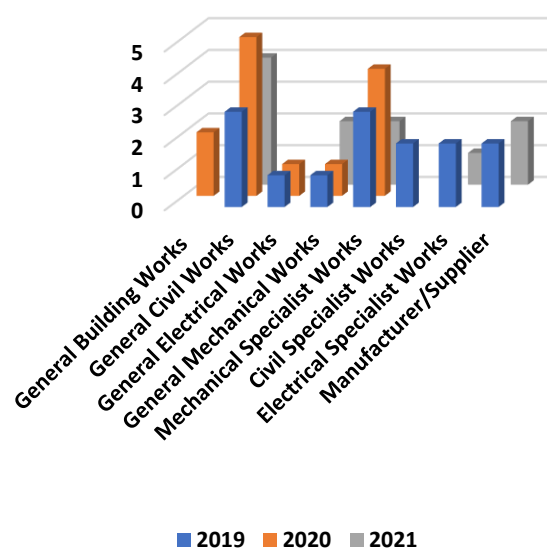
3.4 Construction Works Under Foreign Contractors

During the period under review, as evident from graphs 3 and 4 below, construction works awarded to foreign contractors were fewer compared to those awarded to local contractors in terms of numbers and contract sum. There is a fluctuation over the years in the share of contract sum by foreign contractors and a decline in the number of construction works actually awarded. In 2019, there were 14 foreign contractors given work, 13 in 2020 and 11 in 2021. Most of the construction works undertaken by foreign contractors over the past 3 years were under civil works, mechanical works and mechanical specialist works.

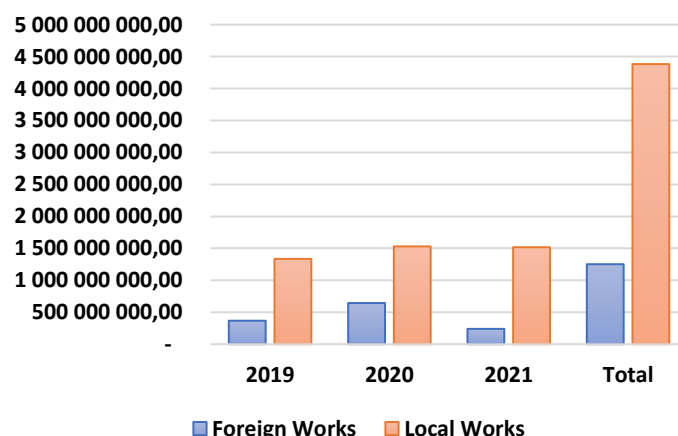
Graph 3: 2019/20-2021/22 Foreign Works by Contract Value



Graph 4: 2019/20-2021/22 Number of Foreign Construction Works



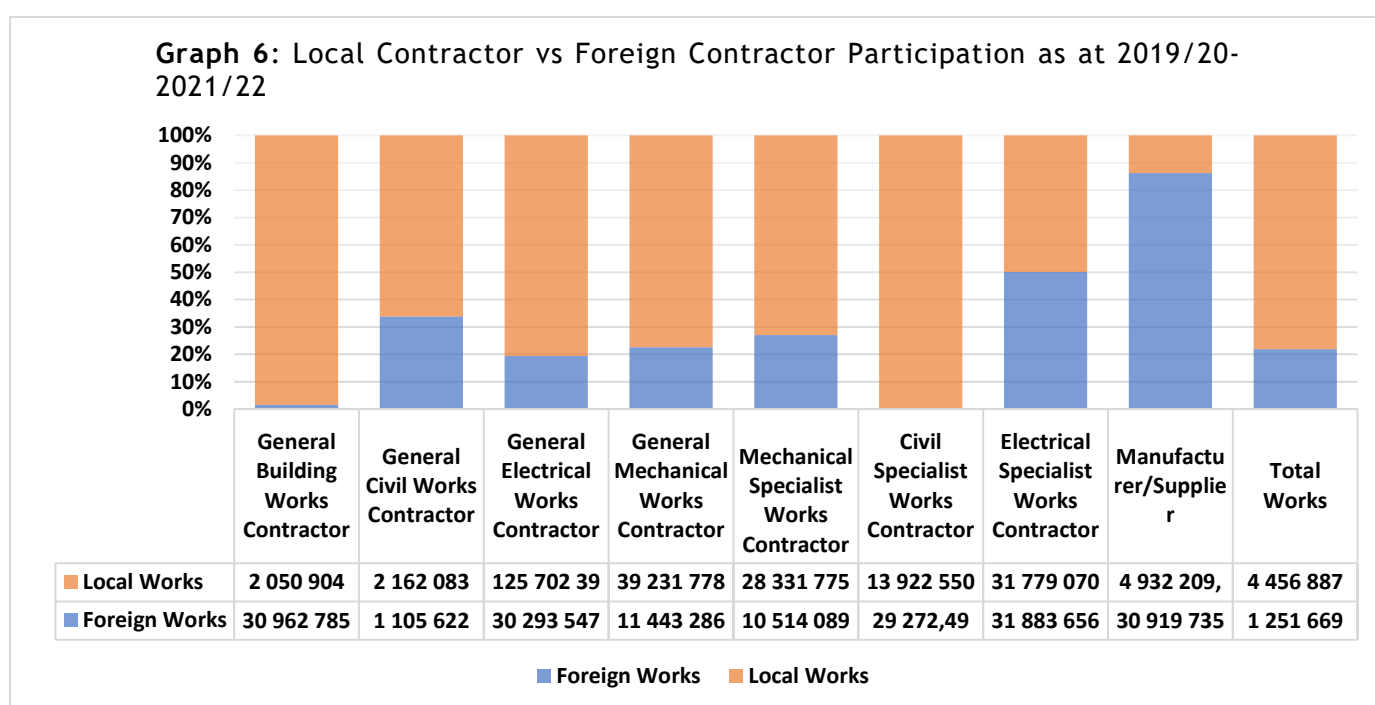
Graph 5: Summary of Year-on Year Local Works vs Foreign Works



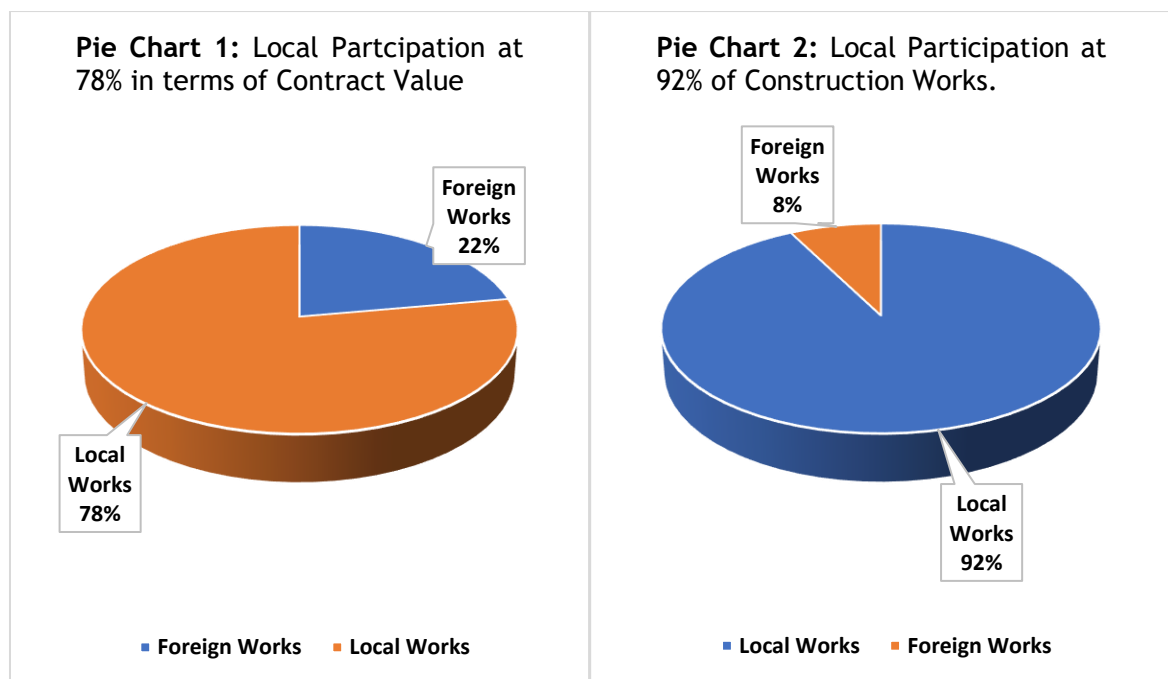
3.4.1 Skills Gaps Analysis and Work Opportunities

From the graph 5 below, it can be observed that our local contractors need to re-enforce their skills and capabilities where foreigners have a competitive edge; that is, in works especially involving manufacturer and suppliers of construction material and electrical specialist works. These foreign construction works covered 86% and 60%, respectively; where most of the manufacturer and suppliers were dominated by categories M/S-1 (foreign owned hardware stores) and ESf (high voltage installation) for electrical specialists. There is an untapped market for our local contractors especially the works persistently done by foreign contractors over the years as shown in graph 5. There is a generally low demand for foreign contractors for building, civil, electrical, mechanical and mechanical specialist works during the 3-year period especially in 2021/22.

The graph also shows the market share of local contractors to foreign contractors by the sum of contract share over the period; which in turn may imply the existence of work opportunities local contractors can tap into.



Local and Foreign Participation: Pie charts 1 and 2 show that local participation over the 3 years was estimated at 78% and 92% for the contract value and number of construction works, respectively.



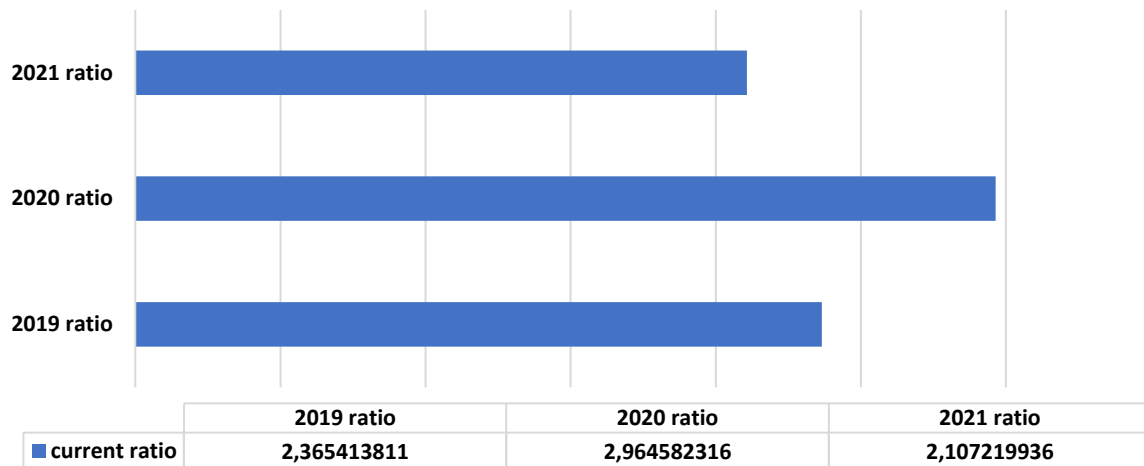
3.5 Construction Industry Financial Indicators

The financial ratio analysis is a valuable tool that can be used to gather valuable insights into an industry's profitability, efficiency, liquidity etc. this information gathered from financial ratio analysis is essential when wanting to make decisions internally and to external parties like investors, so that they evaluate the financial health of the industry before choosing the construction industry over other competing industries. Based on the information provided by the survey's respondents, the following estimated ratios shows the financial position of the industry.

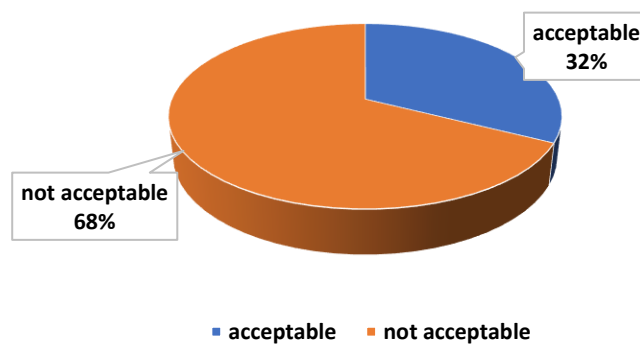
3.5.1 Current Ratio

The graph below shows that the construction industry has an ability over the 3 years of paying its short-term obligations or those obligations due within a year. Generally, the acceptable construction industry current ratio is 2% or more and since the ratio is greater, it implies that on average about 32% of construction businesses had 2 times more current assets than liabilities to cover its debts over the 3 years hence plausible for banks to fund their businesses a certain percentage provided owners are indeed able to contribute a certain ratio. The higher the ratio, the more liquid it is, therefore, 2020 was the highest performing year for liquidity of construction companies during the period under review.

Graph 6: Year-on-Year Construction Industry Current Ratio in %.



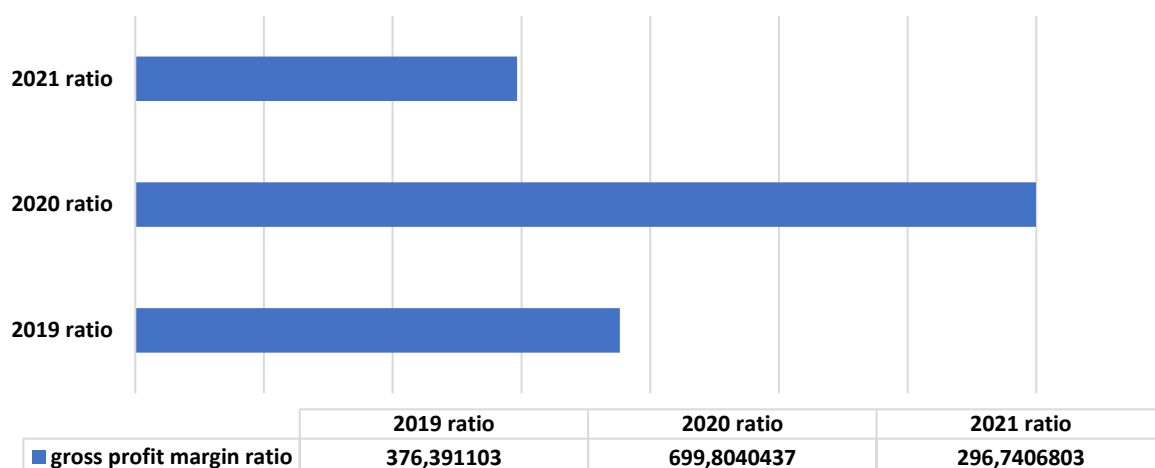
Pie Chart 3: Average Number of Companies in Acceptable Range of Current Ratio Over 3 Years



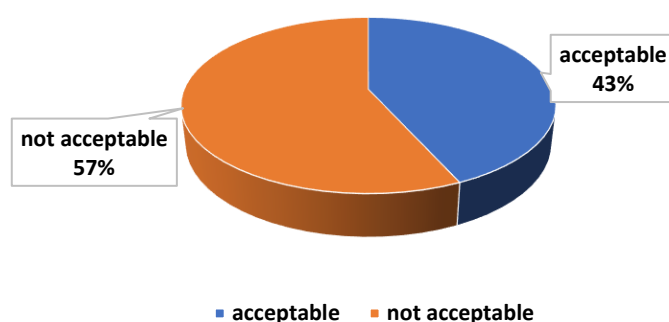
3.5.2 Gross Profit Margin Ratio

The gross profit margin shows how much profit businesses in the construction industry make after paying for variable costs of production such as wages and raw materials. Generally, an acceptable margin for the construction industry is 15-45% and the local industry has over the 3 years been observed to be within the margin which implies that on average 43% of construction businesses are within the profitable range. However, of note is that the margin has been on the decline over the years.

Graph 7: Year-on-Year Construction Industry Grossprofit Margin Ratio in %.



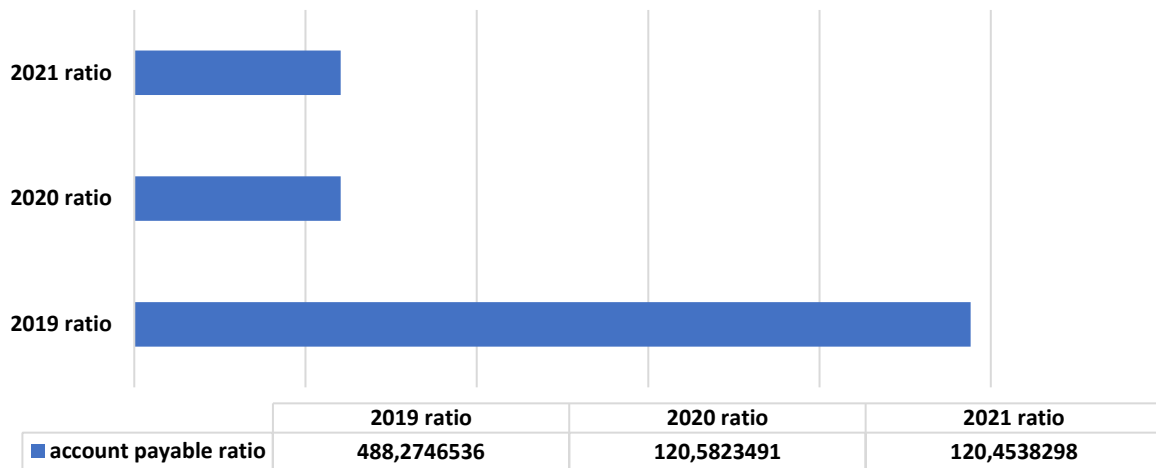
Pie Chart 4: Number of Companies in Acceptable Range of Grossprofit Margin Over the 3 Years.



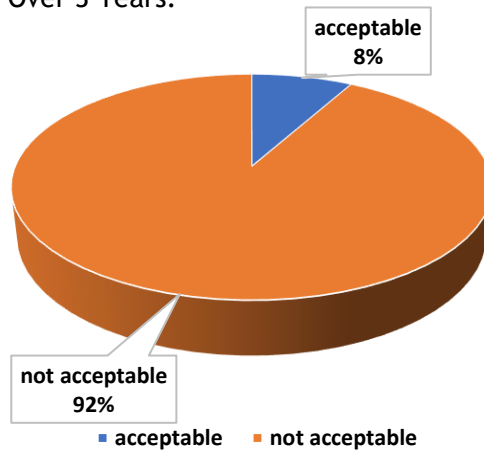
3.5.3 Account Payable Turnover Ratio

The account payable turnover shows the rate at which the construction industry in general pays the debts that it owes its suppliers or vendors. Over the 3 years, the number of days for which the industry takes to pay its vendors has been on an increase yet it has to be at least within 30 to 60 days the most. The number of days it took for the construction industry to pay off its debts was 488 days in 2019, 121 days in 2020 and 120 days in 2021. This is indicative of the challenges of delayed payments in accordance with the study conducted by CIC on the “Effects of Delayed Payments”; which in this report has been faced by 92% of industry players surveyed and has threatened the sustainability of the construction industry companies.

Graph 8: Year-on-Year Construction Industry Account Payable Ratio in %.



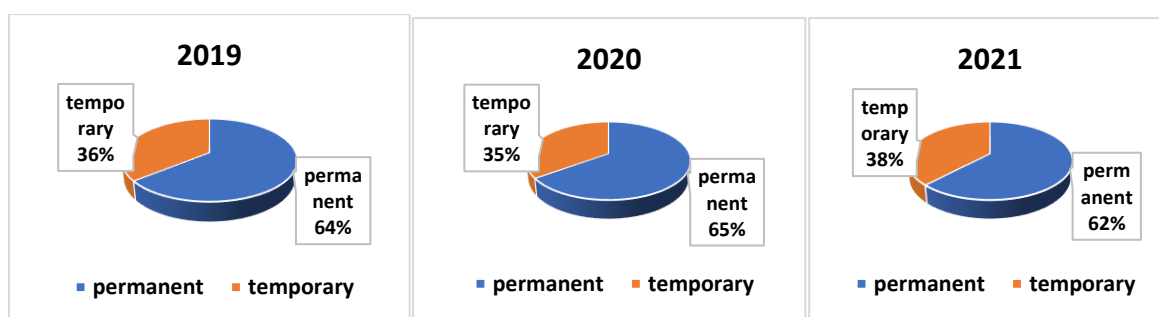
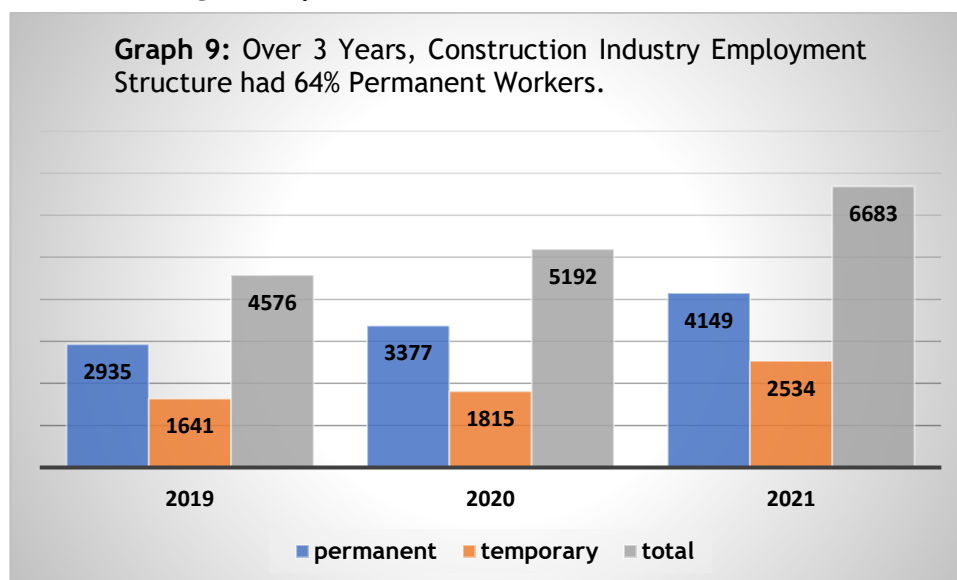
Pie Chart 5: Number of Companies in Acceptable Range of Account Payable Ratio Over 3 Years.



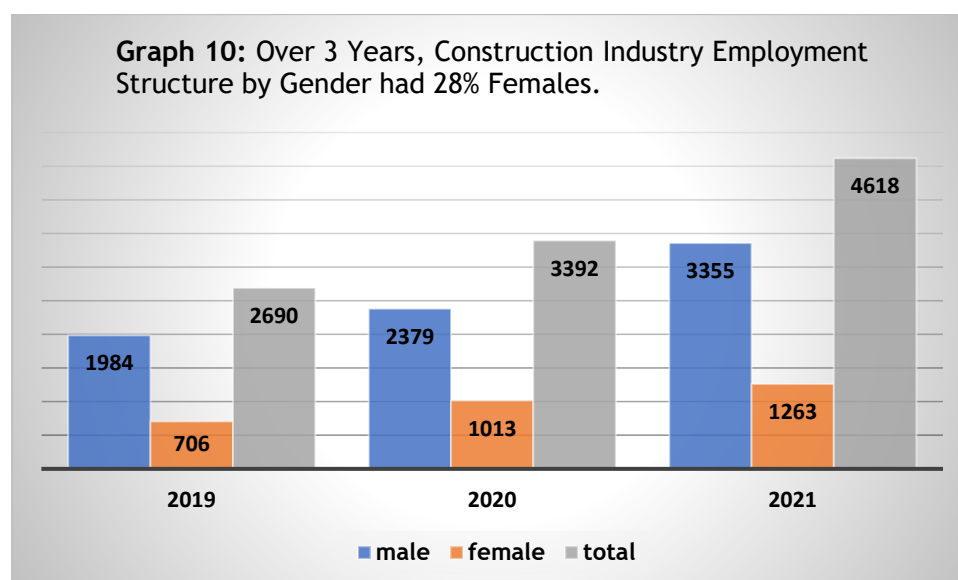
4. Eswatini Construction Industry Labour Structure

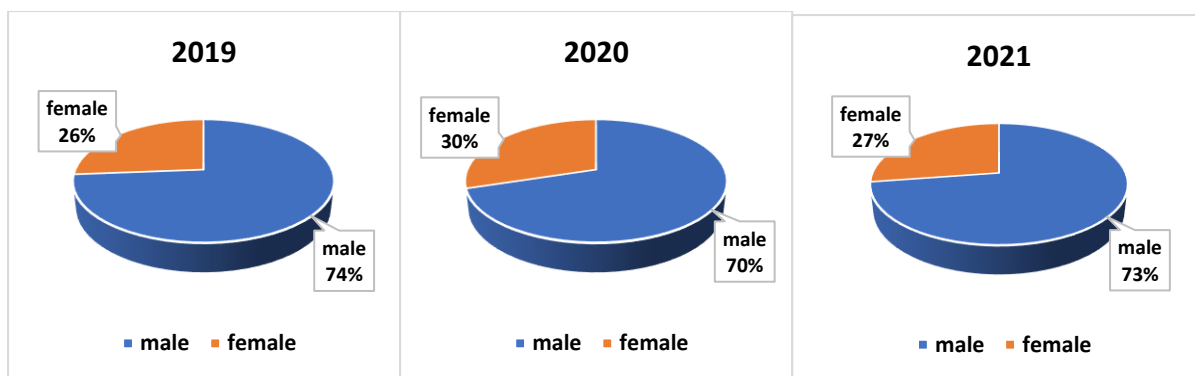
4.1 Employment Representation (type, gender, nationality, youth)

4.1.1 Structure and Gender.



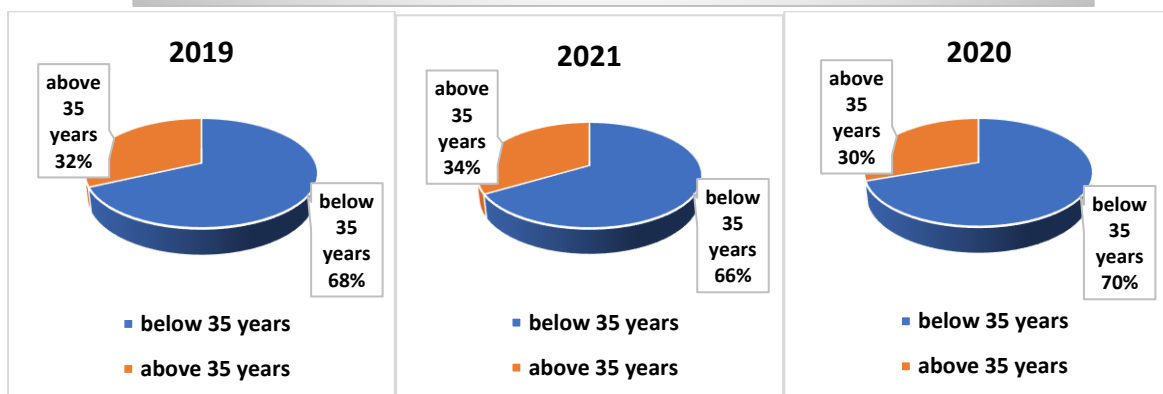
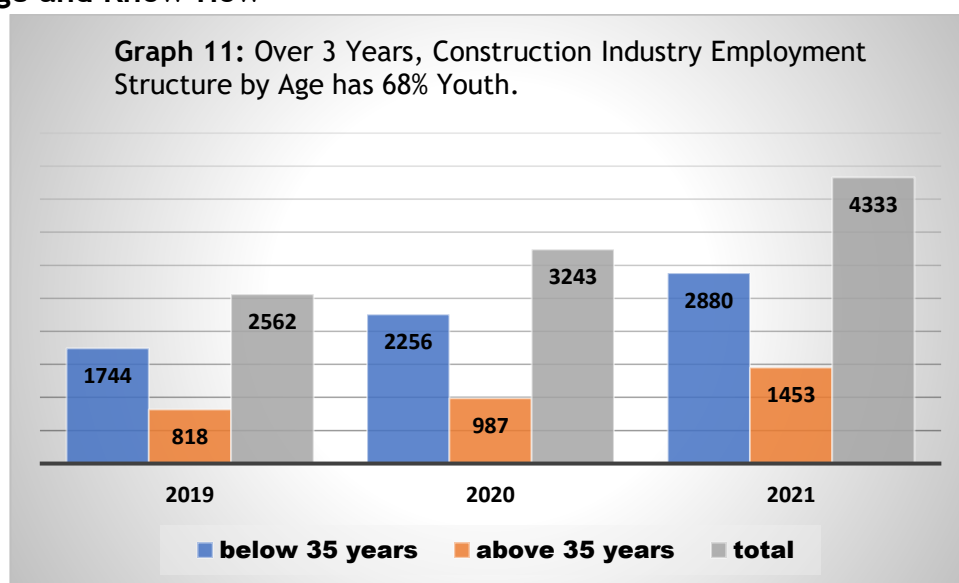
The construction industry's average employment level over the 3 years (2019-2021) increased by 13% from 2019 to 2020 and by 29% from 2020 to 2021; with the structure being dominated by permanent labourers.



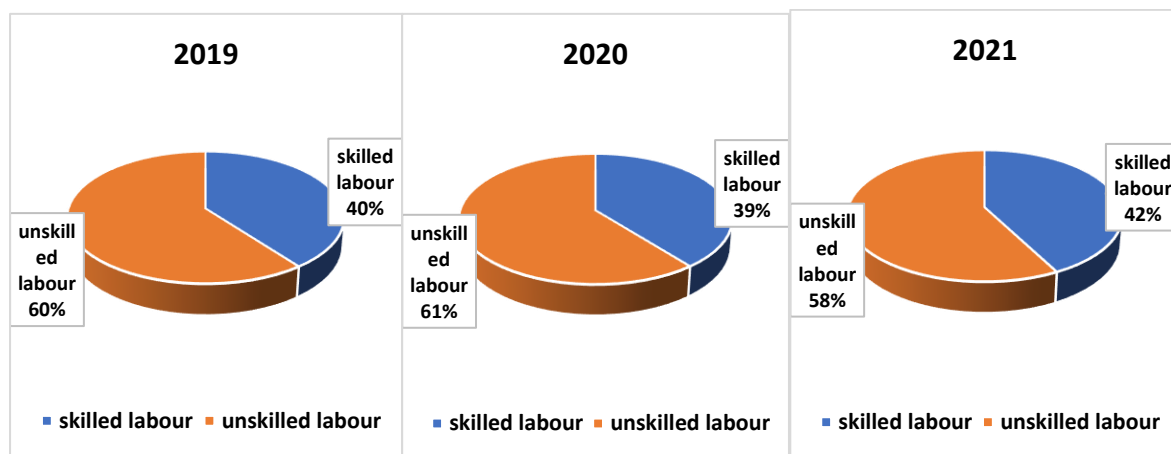
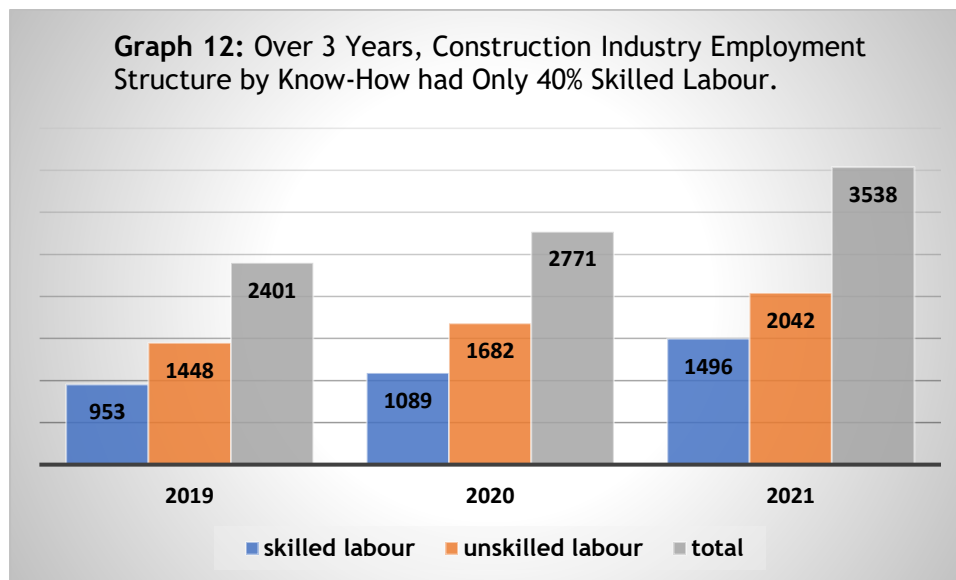


Of these temporary and permanent labourers, a majority of them are males. Female representation for the 3-year period continued to increase relatively lower than male representation; female employment increased by 43% in 2019 to 2020 and continued to increase by 25% in 2020 to 2021, even though at a decreasing rate. Over the 3 years, on average, female employment represented 26%, 30% and 27% of the total construction works employment, respectively. The average female representation of artisans is 22% where half of them is the youth and 78% are males where only 14% represent the youth.

4.1.2 Age and Know-How

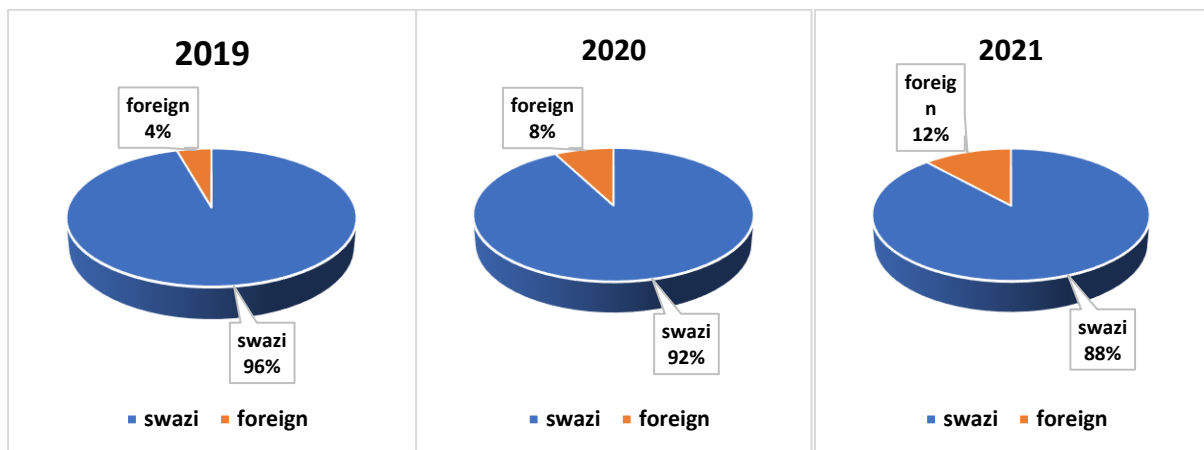
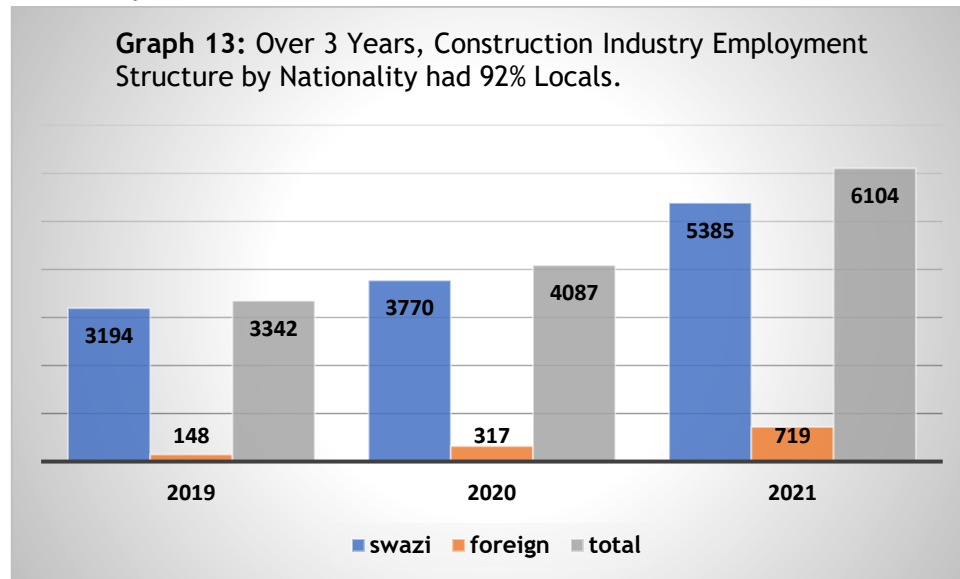


Most of the population employed by the construction industry are Swazis, unskilled and youthful. Over the years, youth representation was more than half of the entire group (both youth and adults) and represented 68%, 70% and 66%, respectively.



In as much as the industry requires experience that comes with the number of years one has been with the industry, it also requires the young population who are innovative, energetic and can handle manual labour more effectively and efficiently. On average, over the 3 years, 40% of the labour force represented skilled labourers and 60% unskilled labourers.

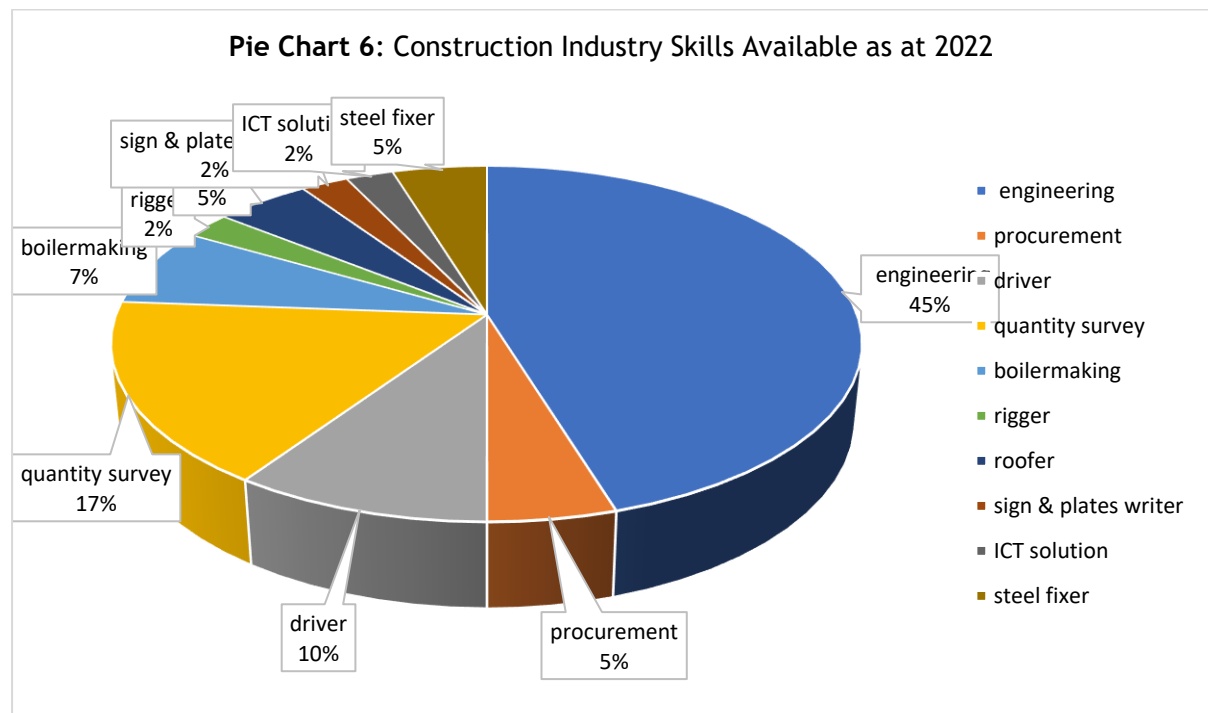
4.1.3 Nationality



Although the population employed by the construction industry are mainly locals; foreign national recruitment within the industry has been increasing even though not at the rate increase of Swati nationals. Over the 3 years foreign national employees accounted for 4%, 8% and 12% of the total employment level, respectively.

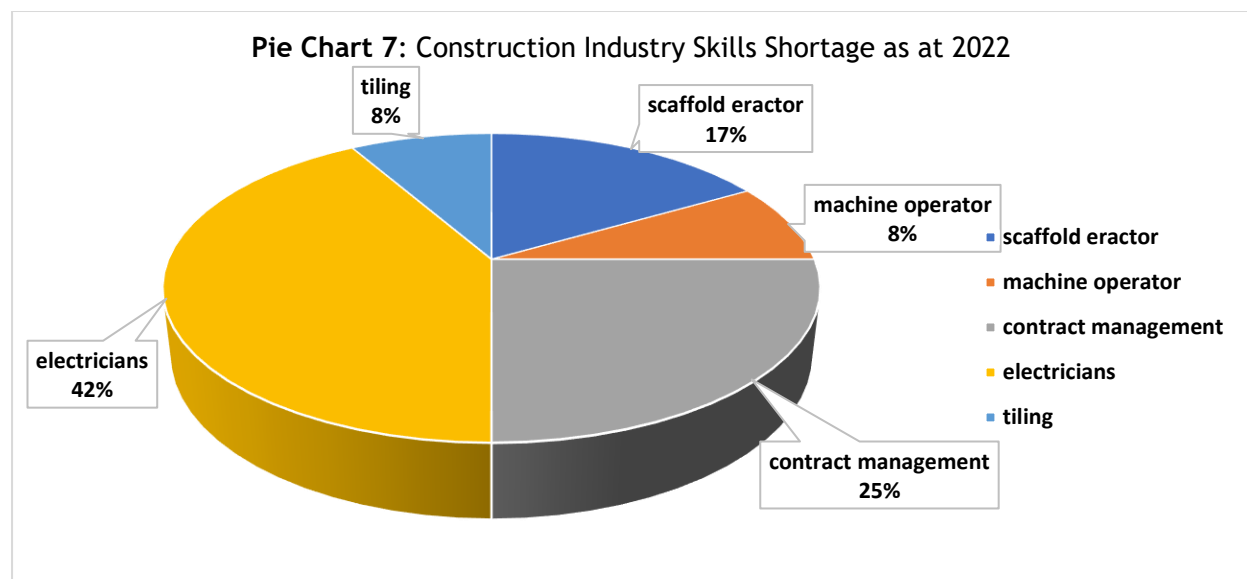
4.2 Construction Industry Skills Availability and Shortage

4.2.1 General Skills Available



Based on the survey, the overall 2022 construction industry's available skills are listed in the graph above. A majority of the skills are found under engineering with electrical engineers, mechanical engineers, civil and building engineers being the most available technical skills. Other skills available are quantity surveying, boiler making, driving, procurement (chain management), ICT solutions, steel fixer, roofer and rigger.

4.2.2 General Skills Short

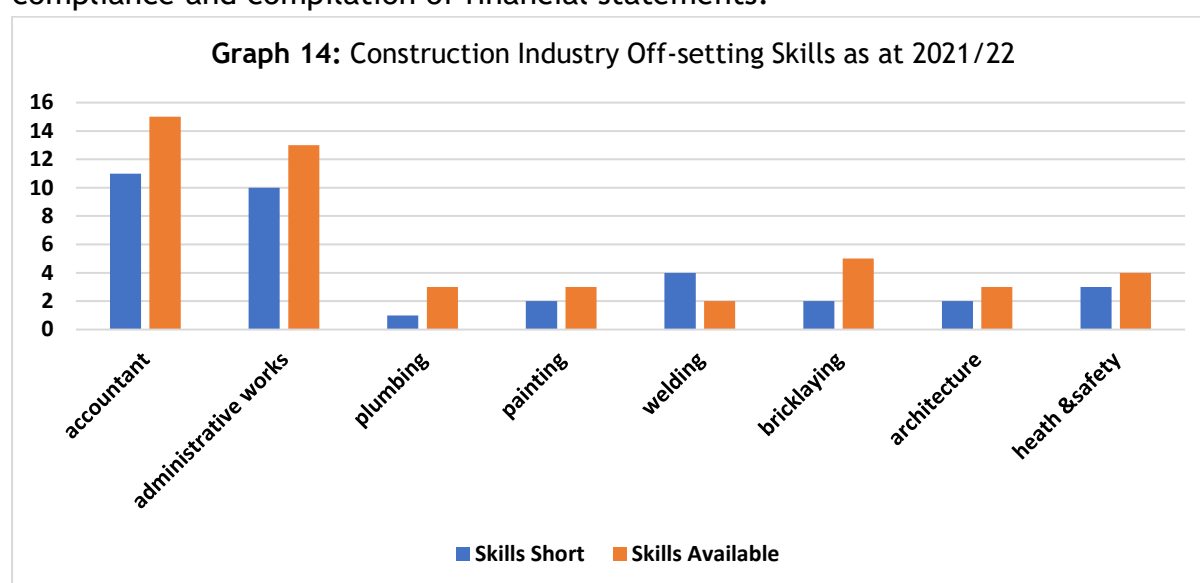


As shown by the graph above, technical skills mostly required by the construction industry are mainly electricians with a particular ability in cable joining and cable

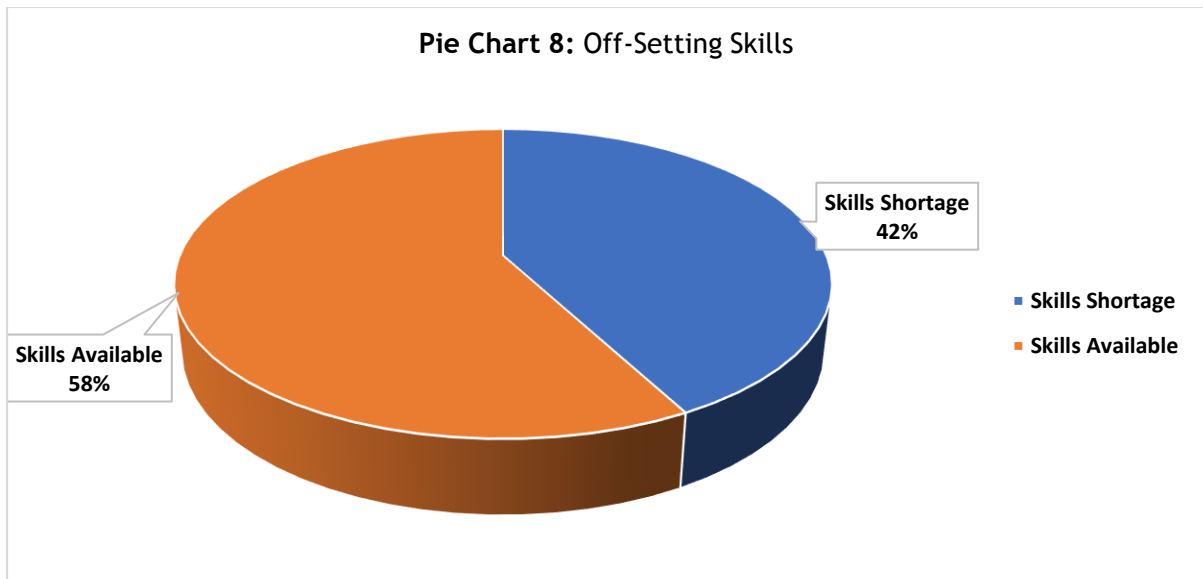
termination and linesman; and other skills such as scaffolding (structural fabrication), machine operator, tiling and contract management.

4.2.3 Off-Setting Skills

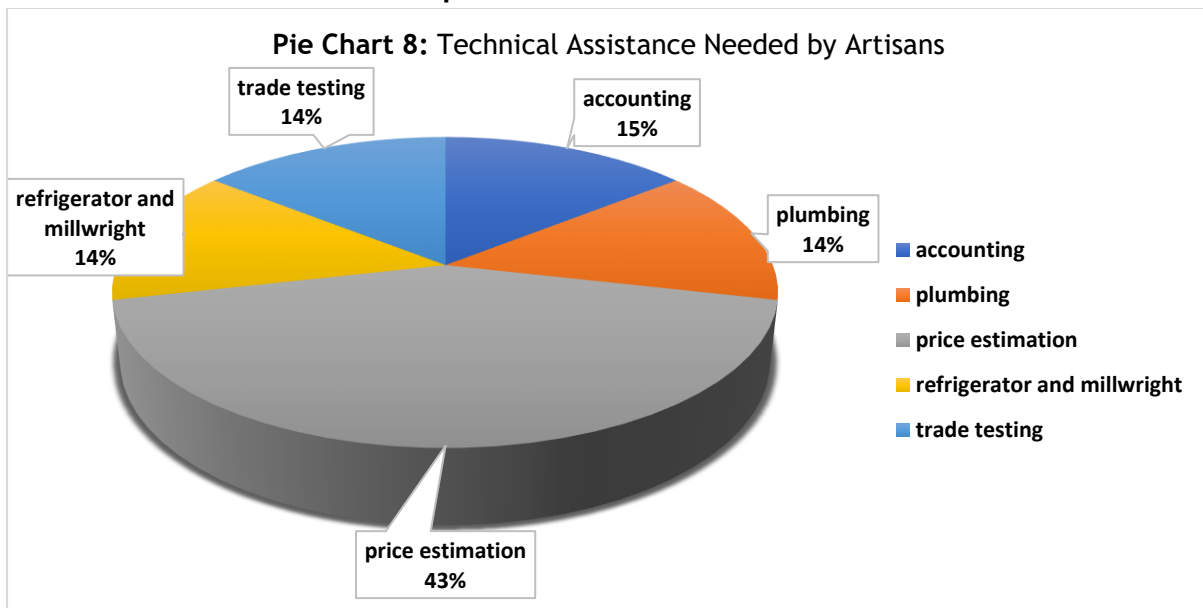
Off-setting skills are the skills that are observed to be available in other firms yet they are also observed to be short in other firms within the industry. Their availability and unavailability (shortage) usually depend upon one firm's characteristic to another such as the size of the company, the managerial style and skill sets available etc. For example, SME contractors do not have business systems that allow for all skills to be available within the firm yet they are needed because funds do not permit; others decide to out-source some of these skills e.g., tax compliance and compilation of financial statements.



A majority of the offsetting skills shown above are mostly observed to be available in the industry than they are observed to be in shortage. And if they are in shortage, they are mostly in accounting skills (mainly of financial management and tax compliance), administrative works (which ranges from marketing, human resources, secretarial services, and security services), architecture (including interior designing), health and safety (mainly humanitarian emergency affairs), bricklaying (especially masons who specialise not only on brick laying but also block and stone laying), plumbing, painting, and welding.



4.2.4 Individual Artisans' Requirements



Most artisans require technical assistance in price estimation that will enable them to avoid either overestimating a job thus the possibility of losing jobs or underestimating which could lead to unfair pricing and probable losses instead of profits. They also require assistance in accounting, and refrigerator and millwright fixing. Artisans feel they also lack agile and continuous improvement in mainly their plumbing certificate as the Government takes a long time to conduct trade testing and if done, only a limited number is taken.

4. Construction Industry Challenges

- The issue of delayed payments for public projects that have been completed affects the construction industry's operations and continuity as it depends on availability of cashflows and profitability of the sector.
- The demand for trade testing for individual artisans is higher than what the Government can supply. Artisans feel there is need for more trade testing.
- On average, only 22% of individual artisans do have trading licences whilst 78% do not; hence, those who have are motivated to be registered as contractors. Artisans require an orientation process (more of a capacity building, contractor-ready exercise) to prepare them in the event they migrate from being an artisan to a contractor. They face risks of displacement in the industry and fail to get jobs.
- The industry suffers from not having standard practices of pricing that would avoid unfair practices within the industry resulting from under-estimating or over-estimating a job.
- The industry lacks a pool of funds where contractors and consultancy firms can be assisted on their day-to-day operations cost, that is, to cover fixed costs.
- Artisans do not get jobs as frequent as they would desire; usually it takes them either 3 months, 6 months or a worst-case scenario is a year to get another job.

5. Construction Industry Key Findings and Medium-Term Outlook

5.1 Highlights from the Construction Industry

The construction industry over the 3 years was mainly dominated by local construction works under building works and civil works in terms of the number of works and contract value. Most of the building construction works were awarded to categories B3 and B4, however, category B1 absorbed the largest amount of the contract value consistently over the years. Most of the civil construction works were awarded to category C3 over the years and absorbed the largest contract value in 2021; whereas C1 absorbed the largest contract value in 2019 and 2020. Over the past 3 years, foreign contractors were involved in the following categories of construction works namely; building, civil, electrical, mechanical, mechanical specialist, civil specialist, electrical specialist and manufacturer and suppliers of construction material. It has been observed that while foreign contractors have participated in the local construction sector, it must be noted that their participation has declined over time in terms of work undertaken and share of contract value.

For instance, in 2021/22, apart from the increase in foreign mechanical works, there is no activity (in terms of contract value) under foreign building works, electrical

works and civil specialist works; whilst the rest (civil works, mechanical specialist works, electrical specialist works, and manufacture and supplier) are seen to be decreasing compared to the previous year 2020/21. The only construction works awarded to foreign contractors whereby they have demonstrated a competitive edge over local contractors are manufacturer and suppliers under M/S-1 and electrical specialist works mainly focusing on high voltage installation works.

Over the 3 years, 32% of the construction industry companies are evaluated as being in the position of paying its short-term obligations; and 43% of them are deemed to be profitable as they are able to pay off their variable costs production and still remain within margin. However, 92% of the construction industry companies take longer than the required 30-60 days to pay its debts that it owes its suppliers or vendors. A study previously undertaken by the CIC on 'Effect of Delayed Payments', identified the magnitude of the challenges of delayed payments faced by the industry.

The construction industry employment structure is male dominated but an increase in the number of females employed over the years was observed. Employees are mainly employed on a permanent basis and are characterised as being youthful and largely less skilled. Recruitment of foreign workers is observed to be increasing even though not at the rate of local recruitment (EmaSwati nationals) which remains on the high.

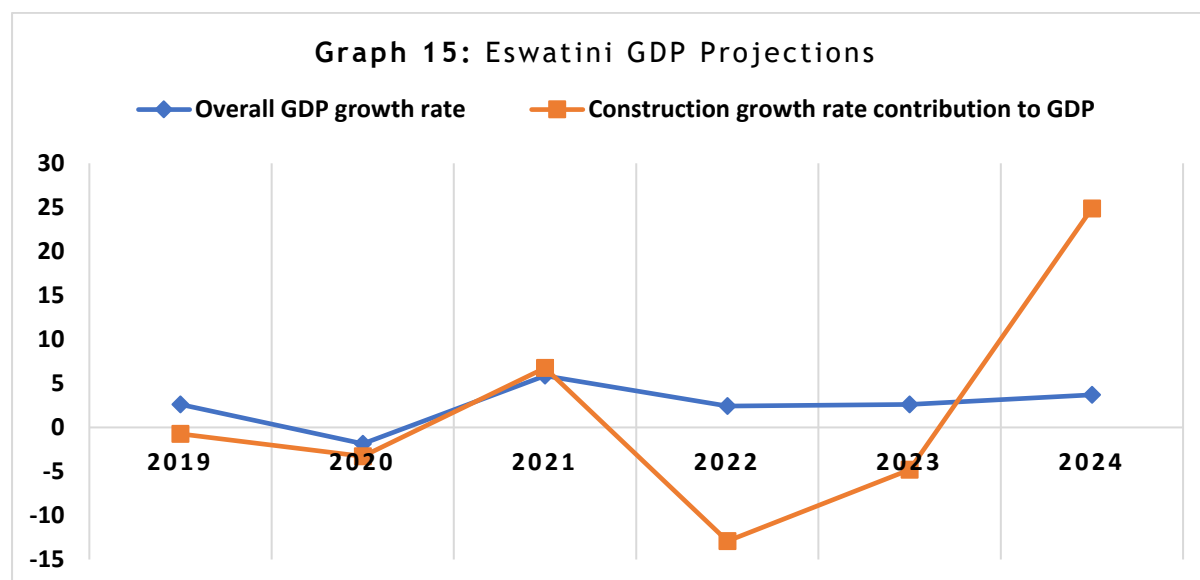
In 2022 professional skills they were found to be available locally were for engineering with electrical engineers, mechanical engineers, civil and building engineers being the most available technical skills. Other skills available are quantity surveying, boil making, driving, procurement (chain management), ICT solutions, steel fixer, roofer and rigger. On the other hand, there is a shortage of electrical skills with a particular ability in cable joining and cable termination and linesman; and other skills such as scaffolding (structural fabrication), machine operator, tiling and contract management. Furthermore, artisans that were interviewed highlighted that plumbing, welding and HVAC system repairs skills were available locally but under-utilized.

5.2 GDP and Construction Activity Projections for the Industry

According to the Central Bank of Eswatini (CBE) and MEPD growth projections 2022/23, the overall economic activity during the 3-year period saw the real GDP growth rate decreasing from 2.6% in 2019 to -1.9% in 2020 as a result of the COVID-19 control measures that stifled the entire economy. However, in 2021 the real GDP growth rate increased to 5.9% owing to the relatively relaxed COVID-19 measures which enabled some economic activities in sectors that were categorised to be "essential" to continue.

The construction industry was amongst those essential sectors that continued activity during the period. In terms of the performance of construction activity, its growth rate stood at an adverse -0.7% in 2019, with a further decrease in 2020 to -

3.3% taking into consideration the COVID-19 situation coupled with a reduced capital expenditure budget allocation by Government directed to the maintenance of damaged roads only. In 2021, construction activity stood at an improved 6.7% whereby most of the budget allocation for capital expenditure was skewed towards the financing of the implementation of the Lower Usuthu Smallholder Irrigation project (phase 2) that was expected to continue for the next 4 years.



In terms of the medium-term outlook, the overall real GDP growth projection is anticipated to increase over the next 2 years. The growth rate is expected to stand at 2.4% in 2022, to 2.6% in 2023 and 3.7% in 2024; where construction activity is expected to decline to -12.9% in 2022 and further show an adverse improvement of -4.8% in 2023, then a positive improvement of 24.9% in 2024. The adverse construction growth rates between 2022 and 2023 owe to the assumption that as the economy approaches 2023, most of the big construction projects mainly road works would have come to a completion; and, it is also anticipated that Government would have received a lower inflow from SACU hence limiting the scope of absorbing bigger and newer/greenfield projects who mainly absorb a huge contract value.

However, the increased projections in 2024 is as a result of the assumption that there will be more construction activities which will mainly be characterized by the ESWADE-Mkhondvo-Ngwavuma Water Augmentation project which will focus on the construction of the Mpakeni Dam and water transfer from the Mkhondvo river which will also generate about 10,000 job opportunities and 100,000 of emaSwati in 7 Chiefdoms in the Shiselweni region. Contribution of construction to real GDP per capita has averaged 0.9% over the 3-year period 2019-2021.